

# Effective project management arrangements for agricultural projects

A synthesis of selected case studies and quantitative analysis

The opinions expressed in this document are those of the authors and do not necessarily represent those of the International Fund for Agricultural Development (IFAD). The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of IFAD concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The designations 'developed' and 'developing' countries are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

**Authors:**

Matthew Pritchard and Andy Bullock

© IFAD 2014

All rights reserved

Cover photo: ©IFAD/Cristóbal Corral

ISBN 978-92-9072-549-7

Printed March 2015

# Effective Project Management Arrangements for Agricultural Projects

A Synthesis of Selected Case Studies and Quantitative Analysis

# Table of contents

<b>Acknowledgements</b> .....	3
<b>Acronyms</b> .....	4
<b>Executive summary</b> .....	6
<b>Introduction</b> .....	11
Purpose of study .....	12
Method .....	12
Limitations of the study .....	14
<b>Results</b> .....	16
Management arrangements and effectiveness by socio-economic status of the country .....	16
Management arrangements and effectiveness by type of project .....	17
Strategic oversight and quality control .....	18
The “borrower to beneficiary” chain .....	20
Overall effectiveness of PMUs .....	27
Efficiency of PMUs .....	29
Effectiveness of super-PMUs .....	30
Paris Declaration compliance .....	31
<b>Scalability, sustainability and exit strategies</b> .....	38
Scalability .....	38
Sustainability and exit strategies .....	40
<b>Conclusions and recommendations</b> .....	43
<b>Annex 1 – Approach paper</b> .....	49
<b>Annex 2 – Selected case studies</b> .....	61
<b>Annex 3 – Case study basic project data sheets</b> .....	62
Gambia, PIWAMP/ <i>Nema</i> .....	62
Mozambique, ProPESCA .....	66
Jordan, ARMPPII .....	70
Bangladesh, FEDEC .....	74
Mali, CNPPF .....	77
<b>Annex 4 – Description of tests of Paris Declaration compliance</b> .....	80
<b>Annex 5 – Analyses of OECD-DAC Paris Declaration tests</b> .....	86
<b>Annex 6 – Detailed questionnaire for face-to-face interviews</b> .....	94
<b>Annex 7 – Summary questionnaire for phone interviews</b> .....	98
<b>Annex 8 – List of interviewees</b> .....	102

# Acknowledgements

The production of this report, coordinated by Tom Anyonge and Norman Messer of the Policy and Technical Advisory Division (PTA), benefited from the direct and indirect contributions of several individuals. This publication is one of the milestones in a process involving country programme directors/managers, country programme officers, project directors/managers, government officers, service providers to IFAD-supported projects, and field implementation staff.

Special thanks go to the following for their support and contributions: Mohamed Abdelgadir, Abdouli Abdelhamid, Moses Abukari, Mamoon Adaileh, Fuad Al-Muhaisen, Maria Ascensao, Jean-Philippe Audinet, Ambrosio Barros, Thierry Benoit, Ndaya Beltchika, Willem Bettink, Clare Bishop-Sambrook, Francesca Romana Borgia, Nigel Brett, Atanasio Brito, Tome Capece, Rudolph Cleveringa, Ivan Cossio, Bob Creswell, Acacio De Alexandre, Ides De Willebois, Wafaa El Khoury, Rui Falcão, Fabrizio Felloni, Ilaria Firmian, Abdul Gafur, Modou Gassama, Bisha Habashneh Gokulchan, Hanafi Khaled, Roberto Haudry, Edward Heinemann, Patrick Herlant, Sana Jatta, Sa'eb Khresat, Geoffrey Livingston, Alessandro Marini, Custodio Mucavel, Sheila Mwanundu, Miriam Okong'o, Ribeiro Pinto, Mattia Prayer-Galletti, Hashash Qader, Abdel Lubana Ismail, Claus Rainer, Thomas Rath, Philippe Remy, Perin Saint Ange, Dinah Saleh,

Paolo Silveri, Cheikh Sourang, Josefina Stubbs, Leon Wilson Williams, Omer Zafar. Thanks also go to the internal peer reviewers: E.Heinemann, P.Remy, A.Marini, T.Rath, I.Cossio, M.Abelgadir, M.Abukari and M.E.Mangiafico; the external peer reviewers: Mark Wilson and Alain Onibon; and to Sarah Morgan for editorial support. Finally, thanks go to Adolfo Brizzi for his overall leadership and professional advice throughout the production process.

Errors, omissions and interpretations remain, of course, the responsibility of the author. While this report was prepared for IFAD's Programme Management Department, the views expressed are not necessarily those of IFAD.

# Acronyms

<b>ARMP</b>	Agricultural Resources Management Project	<b>LDC</b>	less-developed country
<b>ARRI</b>	Annual Report on Results and Impact of IFAD Operations	<b>LIC</b>	low-income country
<b>AsDB</b>	Asian Development Bank	<b>M&amp;E</b>	monitoring and evaluation
<b>AWP</b>	annual work plan	<b>MIC</b>	middle-income country
<b>AWPBs</b>	annual work plans and budgets	<b>MoA</b>	Ministry of Agriculture
<b>B2B</b>	Borrower to Beneficiary	<b>Nema</b>	National Agricultural Land and Water Management Development Project
<b>BRICs</b>	Brazil, Russia, India and China	<b>NRM</b>	natural resource management
<b>CLE</b>	corporate-level evaluation	<b>OECD-DAC</b>	Organisation for Economic Cooperation and Development/Development Assistance Committee
<b>CNPPF</b>	<i>Coordination Nationale des Projets et Programmes FIDA au Mali</i>	<b>PBAS</b>	performance-based allocation system
<b>COSOP</b>	country strategic opportunities programme	<b>PCR</b>	project completion report
<b>CPCU</b>	central project coordination unit	<b>PCU</b>	project coordination unit
<b>CPM</b>	country programme manager	<b>PIWAMP</b>	Participatory Integrated Watershed Management Project
<b>CPO</b>	country programme officer	<b>PKSF</b>	Palli Karma-Sahayak Foundation
<b>D/EFA</b>	Donor/External financing agency	<b>PM</b>	project management
<b>DAC</b>	Development Assistance Committee	<b>PMO</b>	project management office
<b>EC</b>	European Commission	<b>PMU</b>	project management unit
<b>FAO</b>	Food and Agriculture Organization of the United Nations	<b>PO</b>	partner organization
<b>FEDEC</b>	Finance for Enterprise Development and Employment Creation Project	<b>PPP</b>	public-private partnerships
<b>FODESA</b>	<i>Programme Fonds de Développement en Zone Sahélienne</i>	<b>PSU</b>	project support unit
<b>FPC</b>	fragile or recently post-conflict country	<b>PTA</b>	Policy and Technical Advisory Division
<b>GEF</b>	Global Environmental Facility	<b>PU</b>	project unit
<b>HR</b>	human resources	<b>RIMS</b>	results and impact management system
<b>ICRAF</b>	World Agroforestry Center	<b>SC</b>	steering committee
<b>IDPPE</b>	Institute for Development of Small-Scale (Artisanal) Fisheries	<b>TOR</b>	terms of reference
<b>LCC</b>	local community committee	<b>WCA</b>	West and Central Africa Division



# Executive summary

In 2013, IFAD commissioned a study to analyse project management arrangements for market-oriented smallholder agriculture. As IFAD adapts to the changing development discourse, the organization has focused increasingly on improving Project Management Unit (PMU) arrangements in order to provide more effective and expanded management and technical skills. This review was undertaken to evaluate the effectiveness of PMUs and their alignment with the Paris Declaration principles, as well as to identify lessons or frameworks to guide future project management and implementation arrangements. It investigated five case studies drawn from different regions and types of projects.

The report concludes that the socio-economic status of a country is not necessarily a good predictor of the efficiency or effectiveness of a PMU; the nature and effectiveness of the country's systems and human capacities makes a significant difference. Where governmental systems are ineffective or inefficient overall, a "good" PMU will only be able to have a limited effect. In addition, how well the PMU and the overall project implementation structure matches the "borrower-to-beneficiary" context is important.

The type of project also appeared not to be a predictor of PMU effectiveness. Other than for rural finance projects, which do have specific needs or characteristics, neither the case studies nor the effectiveness review identified any specific project management characteristics that could be linked directly to the type of project under consideration. Project management

mechanisms need to be appropriate for the context, the technical approach, implementation arrangements, levels of capacity, and other factors that cut across project types. They also need to take into account the effectiveness of other links in the overall "strategic – management – implementation" chain, as well as the requirements of managing multicomponent and multistakeholder projects that involve widely varying stakeholders, from central government to the private sector and the rural poor.

The importance of strategic guidance, for example through steering committees (SCs), was a significant theme that emerged from the case studies. There are various areas where SC functioning could be improved. Problems encountered in this respect include: a focus on operational details obscuring the need to provide strategic guidance; lack of capacity among SC members, or lack of understanding of the nature of their role; and problems with the composition (wrong members, or too many members) and levels of activity, with some SC members continually delegating attendance to junior staff with no decision-making authority. It is logical to conclude that better strategic guidance would impact positively on overall project implementation. It currently appears to be a significant weakness in the management value chain, and one that IFAD should carefully address in future designs.

The study found no evidence of any readily identifiable internal characteristics of PMUs that were correlated either positively or negatively to

project performance. This finding is consistent with other research into project management arrangements, such as that carried out in April 2005 by the Asian Development Bank. PMUs are important and can make a difference, but they are not the only factor that drives project efficiency. The overall performance review of the “**Borrower to Beneficiary**” chain (B2B) shows that PMUs are simply one element in a chain that stretches from the strategic/contractual level down to the beneficiaries. An analysis of strengths and weaknesses in goal alignments, performance of delivery arrangements and beneficiary institutions within specific implementation arrangements is likely to produce a stronger correlation to project performance. Specifically, the performance of service delivery agents and associated management activities (tendering, contract management, performance review, monitoring and evaluation [M&E], etc.) are identified as potential areas for improvement. Thus, the B2B chain as a whole should be reviewed in order to achieve more effective and efficient operational delivery and management. Consequently, in the medium term, IFAD will need to look at all elements of the B2B chain, rather than focus solely on PMUs.

Regarding compliance with the requirements of the Paris Declaration, all projects broadly complied with its spirit, if not always the letter. Compliance with Paris Declaration principles, therefore, does not appear to be a major constraint or problem for IFAD projects, at least among those studied. Nevertheless, some of the themes where the projects were weaker or showed mixed compliance could be reviewed, and lessons drawn to guide future project design.

Strong areas for Paris Declaration compliance were:

- Accountability to government
- Staff appointment or recruitment
- Use of government systems
- “Availability” of government employees to government on project completion

Weaker Paris Declaration compliance was found in the following areas:

- Use of national auditing systems
- Salary levels of project staff

Mixed compliance levels were found in the following areas:

- Use of government M&E and planning systems
- Perceptions concerning PMU responsibilities being handed over to government
- Staff terms of reference/job descriptions
- Levels of additional benefits for project staff versus government staff

Overall, this study indicates that Project Management Units are an effective means to provide management, quality control, administration and logistical services that projects require. No particular “problem” themes were identified that might suggest the need for alternative management mechanisms. This research clearly indicates that the overall management and implementation “chain” of most IFAD projects is designed to fit quite closely to the country and project environment.

Regarding sustainability, PMUs are usually not supposed to be sustainable institutions. Using “availability of PMU staff to government” as one proxy indicator for the sustainability of human resources and expertise, the study concluded that PMU staff often remain available to governments; thus, capacity-building and experience of working in a PMU is potentially retained. The ability of governments to maintain higher salaries for such staff after they leave the PMUs is, however, a significant challenge.

The study looked at two “super-PMUs,” one in The Gambia and the other in Mali. In both cases, there were areas of strength and weakness in terms of how effectively they were fulfilling their roles. These challenges and benefits need to be carefully considered in each particular case.

In terms of the scaling up agenda, some projects appear to show that the institutional, organizational and staff capacity “space” could be a driver of scaling up, in terms of strengthening individual skill sets and organizational systems, as well as adjusting rules, norms and procedures. Nevertheless, significant challenges remain, which deserve careful future assessment.

The study makes the following summary recommendations:

1. Country strategic opportunities programmes (COSOPs) and designs would benefit from integrating more analysis of the B2B chain, particularly looking into the appropriate type of B2B chain, actors and their associations in relation to whether the project’s outcomes are largely social or economic.<sup>1</sup>
2. Strategic leadership, oversight, quality assurance and systemic support could be strengthened through focused technical assistance and capacity-building aimed at the appropriate institutions, such as SCs.
3. The terms of reference and implementation modalities of SCs or other strategic-level bodies would benefit from a review. All

parties should be committed to ensuring that appropriately senior executives with decision-making powers regularly attend SC meetings.

4. Project complexity and the number of stakeholders to be coordinated could be reviewed at project design, with the aim of producing less complicated projects that would be both more effective and easier to manage.
5. Institutional, organizational and individual capacities of key stakeholders should be assessed as part of the overall review, which should also look at the suitability of those capacities for the scaling-up agenda. The review should identify the required managerial structures, systems, capacities, changes in rules/bylaws/norms and organizational relationships (public/private) that would be needed to take a proven technology/approach to a bigger scale. It should also identify the stages that should be pursued to develop this capacity. Identified gaps should be incorporated into capacity-development plans and monitored during implementation.



6. IFAD should continue to align its project management mechanisms with the principles of the Paris Declaration as much as possible. In this regard, IFAD should aim for its programme/project delivery mechanisms to score at least “good,” bearing in mind the strengths, weaknesses and mixed themes identified in this study. Alternatively, it could institutionalize the test adopted by the Organisation for Economic Cooperation and Development/Development Assistance Committee (OECD-DAC) and aim for its PMUs (and projects generally) to score at least “Partially Integrated,” with the aim of attaining “Mainly Integrated” as the upper standard.
7. Super-PMUs<sup>2</sup> should be further investigated to find out whether they: (a) are a useful additional management layer; (b) represent good value for money; and (c) are likely to be sustainable, among other potential questions.

It is recommended that the following be considered for further review and resourcing:

- a. Creation of a deeper understanding of strategic guidance aspects, and the effectiveness and impact of strategic guidance mechanisms such as SCs.
- b. Production of a generic capacity-building curriculum, approach and relevant tools aimed at improving the capacity of SCs or other strategic-level mechanisms.
- c. Assessment of the B2B chain as a basis for defining management arrangements, using the *A field practitioner’s guide: Institutional and organizational analysis and capacity strengthening* (2014) and *How to Do Note: Analysis and Building Social Capital of Smallholder Organizations*.

Lessons can be drawn for a range of indicators and different contexts, for example: different regions; different types of projects (value chains/markets, community development, etc.); different approaches and outcomes; diverse range of stakeholders; etc. The outputs of such assessments could be:

- Improved project designs
- Six short “good practice” case studies highlighting major lessons learned regarding effective project implementation arrangements
- Policy brief on good practices in designing implementation arrangements for agricultural development programmes and projects

1. Refer to: *A field practitioner’s guide: Institutional and organizational analysis and capacity strengthening* (IFAD, 2014). Available at: [www.ifad.org/english/institutions/field.pdf](http://www.ifad.org/english/institutions/field.pdf)
2. Super PMU: a project management unit that is set up by a government/ministry to manage all donor-funded projects within one sector.



# Introduction

IFAD's Strategic Framework for 2011–2015 aims to promote sustainable agricultural intensification by supporting appropriate policies, programmes and investments. These should enable small-scale farmers – women and men – to increase their productivity and cope with the demands of a changing world. In recent years, IFAD has produced a number of publications aimed at synthesizing and disseminating its work on building institutions and organizations. In 2008, IFAD published the *Sourcebook on Institutional and Organizational Analysis for Pro-Poor Change*, which formed the basis for the development of a training module and the *Guidance notes for institutional analysis in rural development programs*. These have been useful in building in-house understanding of institutional and organizational issues in COSOP and project design processes. In 2012, FAO and IFAD published *Good Practices in Building Innovative Rural Institutions*, which presents a collection of thirty-five cases of successful small-scale producer innovative organizations and institutional arrangements from different regions.

Application of the concepts of the Sourcebook during 2011 and 2012 resulted in the *Synthesis Report*.<sup>3</sup> The Synthesis Report recommended further investigation into implementation mechanisms using the following variables to guide the analysis in management arrangements:

- Suitability for overall country institutional and organizational context;
- Suitability for country socio-economic and political circumstances (i.e. whether a country is politically fragile or recently post-conflict [FPC], a less developed country [LDC], a low-income country [LIC] or a middle-income country [MIC]);
- Suitability for different strategic areas of engagement, for example, value chains, natural resource management and rural finance;
- Suitability for promoting food security, as well as facilitating the scaling up of results.

In addition, over the past decade there has been much debate over the use of PMUs<sup>4</sup> in all their forms<sup>5</sup> as a mechanism for assuring effective project implementation.<sup>6</sup> The debate has revolved around:

- Whether PMUs are efficient and effective;
- Whether they help build capacity, simply substitute for it, or even drain capacity from developing country governments;

3. Strengthening pro-poor institutions and organizations: A synthesis of lessons learned from a field application of IFAD's *Sourcebook on Institutional and Organizational Analysis for Pro-Poor Change* (2013).

4. In IFAD operations, the term "project management unit" generally relates to any type of project office that lays out special arrangements to implement project activities in a more effective manner. *Project management* is defined broadly as the activities needed to lead and coordinate project implementation, including administration, monitoring and reporting on project progress, finance and accounting, procurement tasks, and supervision of consultants and construction contractors. The definition is wider than the often-used concept of project management, which would not necessarily include such activities as contract supervision, procurement or even accounting. PMUs are also known as Project Implementation Units (PIUs), Project Coordination Units (PCUs) and various other terms that usually encompass a similar set of tasks and responsibilities. The acronym "PMU" will therefore be used throughout.

5. See annex 2 for examples of implementation modalities and beneficiary institutions (Source: Bullock, March 2013).

6. For example, see AsDB (2005), *The Role of Project Implementation Units*, Operations Evaluation Department, Manila.

- What impact on or contribution to project ownership, sustainability, scalability, morale of project versus non-project staff, and salary structures they make; and
- Whether or not they are justifiable in the light of debates over donor harmonization, and the Paris Declaration commitment to avoid dedicated structures for day-to-day management of aid-financed projects.

The Paris Declaration explicitly commits donor organizations to minimizing the number of parallel<sup>7</sup> project management systems that are put in place. Many of these parallel systems are associated with PMUs. Nevertheless, most IFAD partner countries use some form of PMU to implement IFAD-supported projects and programmes. This arrangement is put in place with good intentions, such as to enable PMU staff and service providers to access uninterrupted financing, provide well-maintained facilities and circumvent bureaucratic barriers. In addition, it makes it easier to satisfy IFAD's fiduciary standards.

However, IFAD has also recently noted the need to review the role and use of PMUs in line with the Paris Declaration<sup>8</sup> principles in a rapidly changing international aid context. In addition to the country context and general PMU issues above, IFAD project and impact evaluations have uncovered multiple examples of PMU arrangements that could be improved with regard to generalized expanded management capacities. The sustainability of project outcomes, impact and scalability of successful approaches that are implemented through PMUs is an area that needs extra attention. In addition, some perceive that financial support to programme/project management that is embedded in IFAD's

loan and grant financing could be more effectively used with alternative management arrangements, rather than PMUs.

Research indicates that donors and development actors, including IFAD, apply a wide variety of management approaches, some of which are PMU-based and some of which are not. This review was undertaken to look into the effectiveness of the use of PMUs in IFAD-supported operations, determine how far they match the Paris Declaration principles, and draw lessons and provide guidance on future project management and implementation arrangements.

## Purpose of study

IFAD is committed to moving 80 million people out of poverty, and to scaling up the results of its operations within the complex environment in which it works. Given its need to ensure that projects perform as effectively as possible, the Fund undertook this study to analyse the impact of different implementation mechanisms on project performance. The study also set out to identify innovative and effective methods of implementing pro-poor agricultural projects and programmes in the light of changing institutional, country and thematic contexts.

## Method

This study sets out to investigate in detail the nature of IFAD's project management arrangements, and to provide guidance for their design and implementation.

The case study approach was elaborated by drawing on the objectives of the study, areas of concern identified from previous IFAD analytical reports, and research carried out by other donors,

7. The term "parallel" as used, for example, by OECD-DAC, which collects data on PMUs, has often been questioned by IFAD and found somewhat inappropriate for a number of reasons, including the fact that all IFAD cofinanced projects are implemented exclusively by national staff, and that PMUs are – in many, if not most, countries – established by Ministerial Decree, which makes them officially an integral part of the government structure, even if only temporarily. In this connection, the Paris Declaration would seem more directly relevant to bilateral aid agencies, rather than to most multilateral ones.

8. The full Paris Declaration can be accessed at: [www.oecd.org/development/effectiveness/34428351.pdf](http://www.oecd.org/development/effectiveness/34428351.pdf)

principally the World Bank, Asian Development Bank (AsDB) and the European Commission.<sup>9</sup> Interviews were conducted with IFAD technical and country programme management staff to identify the criteria that would be used for selecting case studies.

The chosen criteria are given below (see also annex 1 – Approach Paper):

- Country context, such as geographical range, socio-economic profile and target group;
- Project/programme management characteristics, such as the main focus of the programme and the degree to which the management mechanisms were stand-alone or integrated;
- Project results, for example whether it was successful or struggling, how innovative or effective it was perceived to be, what the capacity-building results were, and criteria relating to sustainability and scalability (based on completion, supervision and evaluation reports).

The study does not investigate the impact of PMU staffing (i.e. the balance between government and non-government staff) on project effectiveness. An AsDB study investigated this issue in April 2005 as part of a broader review of its project implementation units (PIUs)<sup>10</sup> and concluded: “a correlation, albeit weak, was established between the proportion of external staff in the PIU and the efficiency of the project; external staff in PIUs may accelerate project implementation and increase the likelihood of the project staying within budget (page 32).” However, given the weakness of the correlation, this area was deemed not to be important enough to warrant specific investigation.

The case studies to be reviewed in this analysis were identified through a sampling method that was a blend of criteria sampling (using the approach above) and chain, peer or snowball sampling.<sup>11</sup> Chain sampling refers to a group of knowledgeable people (e.g. IFAD country programme managers [CPMs], country programme officers [CPOs] and field project managers) who recommend cases for assessment. These were then assessed against the criteria of importance until a fundamental group of cases was identified.

This consultation process resulted in a sample of 42 potential case studies. Most cases were actual projects, but in some cases an entire country was shortlisted as a potentially interesting case due to its overall mode of operation. An iterative process of discussion with IFAD CPMs and other technical staff was carried out to refine and select the final cases. While secondary information from various reports (completion, mid-term review and supervision) of more than 42 projects was analysed, five cases were selected for site visits by members of the case study team. A further four cases were selected for “remote control” study (i.e. they were not visited directly, but interviews with key informants were carried out by telephone/Skype, as well as through the study of secondary sources). See annex 2 for the final selection details.

A separate component of the overall study was based on previous IFAD analyses commissioned by the Policy and Technical Advisory Division (PTA) and conducted in 2013, which looked specifically into the performance of water-related projects. Even though it focused on a specific sector, the breadth of the assessment of the performance of IFAD’s portfolio of water interventions (a review of over 180 evaluations) made it suitable for using as a base for

9. The 2008 Annual Report on Results and Impact (ARRI) of IFAD operations shows that there is a correlation between the overall country context (government policy, civil service conditions, governance framework, external agency presence, private-sector presence, capacity of available institutions) and the results and impact of IFAD-supported interventions. The AsDB study, *The Role of Project Implementation Units* (2005), notes that changing project characteristics have contributed to persisting reliance on externally staffed and funded PMUs for investment projects, notably their increasing complexity, scope and continuing use of innovative approaches.

10. AsDB Operations Evaluation Department, April 2005, “The Role of Project Implementation Units,” SST: REG 2005-02 (Final).

11. “Snowball sampling” is getting individuals to refer those they know, who in turn refer those they know, and so on. This is weighted with a numerical sample to compensate for the fact that the sample was collected in a non-random way.

investigating broad trends in project management arrangements. This component aimed to bridge some of the gaps between the performance of the water interventions assessment and this PMU study by achieving the following objectives:

- Provide an initial “oversight” framework that could better bind two different sampling methodologies, thus allowing conclusions to be more successfully merged, or contextualized. This interface is needed because the “Water Components’ Performance” study looked only at delivery arrangements pertaining to water interventions, whereas oversight and different delivery arrangements are commonly adopted for projects with multiple components.
- Focus on the wider “between Borrower and Beneficiary” connectivity, of which Project Units are but one part. This wider focus on delivery arrangements, rather than on PMUs alone, is adopted because strengths and weaknesses identified in the “Water Components’ Performance” study can lie in different parts of the delivery chain and are not all associated with PMUs.
- Test some of the assumptions made in the approach paper that may account for differences in PMUs, for example, the assumption of significant differences between MIC, LDC and FPC contexts, associated principally with more mature delivery models in MICs and management substitution in LDCs and FPCs.

Using a range of instruments, evidence was drawn from three sources:

1. Internal and external databases and documents;<sup>12</sup>
2. Meetings and discussions with IFAD CPMs and other knowledgeable staff and consultants;
3. Field visits to selected programmes and projects in partner countries, as well as telephone/Skype communication with key informants.

The study was largely qualitative, given the highly complex nature of the issues and circumstances being investigated. The following methods were used within the case study approach:

- Document review and analysis
- Key informant interviews with semi-structured interview questionnaires
- Survey test of key aspects of the Paris Declaration, administered to key informants

### Limitations of the study

This study is subject to certain limitations that need to be borne in mind when considering the conclusions and recommendations. The qualitative component of the study identifies themes or domains of interest. These are useful as guidance for future analysis or for incorporation into designs as a framework for thought and analysis. While the themes identified in the case studies may occur in other projects or settings, the likelihood or prevalence of their occurrence cannot be indicated with any certainty.

As the case studies were based on key informant interviews, there is potential for bias, such as recall bias or social acceptability bias. The first is where informants simply do not remember; the second is where responses are “shaped” by the respondent to meet their ideas of what may be socially (or technically or politically) “acceptable” in the given circumstance. The use of multiple sources has been used as a mitigation measure, but given the importance of the key informant interviews, these biases will not have been completely eradicated. Again, this means that the conclusions and recommendations should be seen as starting points for future research, analysis and thought, rather than as definitive.

The range of approaches and data that was drawn on was not as wide as may otherwise have been the case due to resource constraints. This increases the potential for bias and reinforces the statement above regarding the thematic and provisional status of the conclusions, which are not intended to be prescriptive.

12. Project design documents, supervision mission reports, mid-term reviews, completion and evaluation reports, IFAD regional divisions’ portfolio review reports, RIMS data, AsDB and OECD reports.



# Results

The case studies brought up a range of themes around the effectiveness of PMUs as mechanisms for delivering management services in IFAD-supported agricultural projects. These themes will be discussed in the following sections.

## Management arrangements and effectiveness by socio-economic status of the country

One assumption made by the study was not substantiated by the results of both the cases studies and the “Water Components’ Performance” study: the socio-economic status of the country was neither a good predictor of project performance, nor of the perceived effectiveness of the management arrangements.

According to this hypothesis, LICs or FPCs would be expected to report lower project performance levels and lower levels of satisfaction with PMU performance, as well as more significant problems. This expectation was related mainly to the overall level of capacity and skills available in such countries, which was generally predicted to be lower than in MICs. It was predicted that performance of external PMUs might be slightly better than that of fully integrated PMUs, but this was not expected to be a strong effect. These assumptions turned out to be incorrect.

The project in Jordan (MIC) was the one with the most concerns about the effectiveness of the PMU, and where more issues were identified with overall management mechanisms than in any of the other projects or countries.

Bangladesh’s FEDEC project, on the other hand, was close to being a model of streamlined effectiveness, despite Bangladesh’s status as LIC. The Gambia’s *Nema*/PIWAMP also refuted the hypothesis, with its Project Support Unit (PSU) seen as effective by key informants.

Potential explanations for this result are that the effectiveness of project management arrangements may be affected by: (a) the design of the PMU to fit the country’s circumstances; and (b) the strength of the individual country’s governmental systems. Also important is the government’s willingness to “outsource” management arrangements to a PMU-type body if it recognizes that its own capacity is weak, including capacity to deal with the private sector and public-private partnerships (PPPs), increasingly common in value chain projects.

In Jordan’s case, the PMU was highly integrated within governmental systems, with only project planning and M&E systems seen as less integrated. Nevertheless, key informants identified several problems with systems – such as systemic delays in finalizing annual budgets, as well as slow procurement procedures – that affected the project’s ability to achieve its outcomes. As these were governmental systems, not project systems, there was a strong perception that there was little that could be done.

This level of integration was insisted upon by the government. From a Paris Declaration perspective, this is a “good” thing. However, it also appeared to be the cause of some issues that negatively affected the project’s functioning. If government systems and staff capacity to implement the systems are

weak, then requiring a project/PMU to use them will undoubtedly have a negative impact. There will be only so much a PMU can do to overcome them. These concerns should be analysed during project design.

On the other hand, in The Gambia, the government had a more flexible approach, preferring to outsource some aspects, such as auditing, staff recruitment, planning systems, etc. The government acknowledged that it had a weak capacity in these areas and hence relied on external structures to overcome them.

Bangladesh's FEDEC project highlights this issue most effectively. The project was implemented by Palli Karma-Sahayak Foundation (PKSF), a quasi-autonomous parastatal organization that is proud of its independence, as well as its efficiency. Its systems are acknowledged to be "good and effective." The FEDEC project, being run entirely through these systems, has fully achieved its objectives in less time than expected.<sup>13</sup>

The conclusion drawn from this is that systems and capacities play a significant role within management mechanisms such as PMUs. If a PMU is compelled to use an ineffective system – for example, a government's ineffective financial system – this will make the PMU ineffective in the concerned area. If the PMU has the ability to plan and manage around such systems – for example, using them where necessary, but modifying or side-stepping them elsewhere – then it would be more likely to deliver effective results. Likewise, if the PMU is required by the government to use ineffective/low-capacity government staff, this will present a capacity challenge that may not be entirely overcome during the lifespan of the project.

These findings suggest that PMUs (or other management mechanisms) may need to be less Paris Declaration-compliant in some areas – for example, in the use of government procurement or financial systems – if it is known that these are weak and would negatively impact on the project's effectiveness.

## Management arrangements and effectiveness by type of project

The case studies looked at projects that had different themes. The broader review of water interventions covered around 60 projects that also spanned a wide variety of themes.

The clearest difference revealed by both studies appeared to be between rural finance projects and other projects. In rural finance projects, microfinance institutions tend to be the key implementers, with service clients being the beneficiaries. In the Bangladesh FEDEC project, PKSF was the main implementer of the project, with funds being lent on to its clients, which were smaller microfinance institutions.

For the other projects, no specific project management characteristics were identified that could be exclusively associated with the type of project under consideration. Instead, management arrangements tended to be developed individually for each project, based on a variety of factors that were specific to the country and project itself. These included evolution from preceding projects, management arrangements of cofinancers of IFAD projects, and size of country, with the largest countries being where IFAD implements many projects.

All of the projects selected for the case studies had multiple focuses, except Bangladesh. Multiple focuses lead to multiple objectives and therefore an increasing complexity of planning, budgeting and management. In three of the cases (Mozambique, The Gambia and Jordan), project complexity was flagged as a constraint, with informants from the ProPESCA project in Mozambique being most emphatic regarding project complexity, which was placing a significant strain on management mechanisms.

Although IFAD reviews of effectiveness and efficiency have identified weaknesses in project management arrangements, these weaknesses do not seem to be the principle cause of poor

13. In June 2014, this project received the Development Impact Honors Award from the United States Department of the Treasury for its innovative agricultural financing.

project performance.<sup>14</sup> Rather, evidence from the case studies and the “Water Components’ Performance” study suggests that the weak performance of various agents along the entire delivery chain appears to be more significant as a “deal breaker.” In other words, overall project performance is affected by a number of different factors. A very effective PMU may well be able to make up for certain weaknesses in delivery agents, while good delivery agents/mechanisms may be able to survive certain weaknesses in project management. However, weak management and weak delivery will almost certainly produce sub-satisfactory results.

While the evidence from this study indicates that project type does not necessarily influence project effectiveness, certain themes need to be borne in mind when considering management arrangements for some approaches. Many IFAD projects adopt a market orientation, or a value-chain approach.<sup>15</sup> These approaches raise the importance of the private sector in the overall B2B chain.<sup>16</sup> They also raise important management concerns, such as the demands of the overall technical approach, the technical skill sets required, and the management and contractual arrangements needed to manage these kinds of projects successfully, which will undoubtedly have multiple stakeholders, with varying levels of capacity and interests.

This highlights the need for institutional innovations, for example, PPPs that aim to involve the private sector more closely, both in the IFAD-funded programme, as well as in pro-poor market chains. These approaches bring with them the requirement for project management arrangements that include skills, capacities and experience of working within such a collaborative framework. PPPs are inherently about facilitating

the blend between government provision of public goods/services and private sector’s entrepreneurial drive and business know-how. As a result, project management arrangements need to be designed to support this type of approach, taking into account the relative skills and capacities of the stakeholders involved.

While it is true that value chain-focused projects demand innovative technical approaches, project type does not generally provide a good framework for establishing criteria and guidelines for project management mechanisms, with the significant exception of rural finance initiatives. Project management arrangements need to be appropriate for the context, implementation arrangements, expected outcomes, capacity levels and other factors that cut across project type. They also need to take into account the effectiveness of other links in the overall “strategic – management – implementation” chain. This highlights the need for thorough analysis of the overall B2B chain and the integration of the particular management requirements of innovative approaches into the overall design of the management arrangements. Such project management mechanisms may differ significantly among different projects, even within the same country, depending on a wide variety of factors.

### Strategic oversight and quality control

A significant management theme that appeared in more than one case study concerned the nature and quality of strategic oversight, quality control and systemic support, as the statements below illustrate.

- **Jordan ARMP2:** From a project management perspective, the strategic oversight of the SC is

14. ARRI report 2014.

15. IFAD’s support for value chain-oriented projects increased from 3.3 per cent in 1999 to 45.5 per cent in 2009. Since 1999, IFAD has financed 78 of these projects, 68 of which were presented to IFAD’s Executive Board between 2004 and 2009. Refer to: Deepening IFAD’s Engagement with the Private Sector, February 2012.

16. See *How to do Commodity Value Chain Development Projects*. Available at: [www.ifad.org/knotes/valuechain/vc\\_howto.pdf](http://www.ifad.org/knotes/valuechain/vc_howto.pdf)

an area of concern. The almost invisible but potentially duplicative role of the Regional Coordinating Committee is also of concern, as it creates an extra layer of decision-making, thus slowing down implementation. Issues raised included: the SC sometimes focusing on details rather than strategic issues; lack of urgency or focus on systemic issues impacting the project, such as slow procurement and financial processes; and attendance at SC meetings that is either poor or delegated to junior staff, rather than senior figures with decision-making responsibilities.

- **The Gambia Nema:** One area of significant concern from an effectiveness perspective is the project's SC. Respondents felt that some of the members who attended meetings were not always senior enough to make strategic-level decisions, while the body as a whole needed capacity-building to fully understand and deliver its strategic-level functions.
- **Mozambique PropESCA:** While many respondents spoke confidently of the management system functions at the local and PCU levels, none mentioned the national-level Project Reference Group (PRG), which is expected to act as a SC. The most recent Follow-up Report (April 2013) confirms that "[?] this body is not yet fully functional..."

Significant themes that emerged from the interviews include the following:

- Some informants reported that SCs did not always fulfil a strategic advisory role, for example, by focusing too much on detail or administrative aspects when there were genuinely strategic or systemic issues that needed to be addressed.
- SCs<sup>17</sup> were not always fully complete and active, even after many months of project implementation.

- The capacity of SC members was sometimes reported as weak, for example, their ability to understand the role of a SC, or engage effectively with strategic data and analytical products.
- SCs may not have the "right" balance or type of members.
- Even where the SCs were complete and active, reports indicate that senior members would delegate meetings to junior members, who either did not have the authority to vote/confirm a strategic decision, or were not capable of active participation due to inexperience.

In at least two of the cases – Mozambique and Jordan – strategic guidance appeared to emanate from the PMU, as well as from the IFAD country manager and other technical advisors.

The weakness of strategic outlook appears to be "survivable" in terms of overall project performance; while it may make it more difficult for a project to be fully "satisfactory," it does not appear to make it fail. It is also not true that all SCs or strategic management mechanisms are weak. Respondents were able to provide examples where good strategic oversight resulted in significant project impact.<sup>18</sup> Nevertheless, it does appear as a significant gap or weakness in the management value chain, and one that IFAD should consider carefully in future designs. It is logical to conclude that better strategic guidance from an entity composed of key stakeholders would impact positively on overall project implementation by ensuring that: interventions are in line with relevant national/local strategies; physical and financial progress is regularly and thoroughly reviewed; management effectiveness is assessed; corrective measures are decided upon in a timely manner; lessons are learned and good practices are encouraged. The selection and

17. Or similar strategic oversight structures that, for the sake of brevity, will be subsumed under the acronym "SC".

18. The SC of the AD2M project in Madagascar recommended abandoning road construction because it was too expensive and time consuming and to replace it with a strategic focus on developing river transportation. The positive impact was reported as being "phenomenal."

retention of effective PMU directors/managers, who are well connected within the government administration, skilled in building partnerships with key stakeholders from public/private sectors, and committed to the project objectives, is perhaps the key determinant of effective overall project coordination and management.

### The “Borrower to Beneficiary” chain

Recent official data presented in the Annual Report on Results and Impact of IFAD Operations (ARRI) shows that the majority of 170 IFAD past projects were rated “moderately satisfactory” (or better) according to nine evaluation criteria. This includes 92 per cent of projects rated with respect to relevance, 84 per cent with respect to project performance, and above 67 per cent with respect to poverty impact, effectiveness, innovation and overall project performance. However, closer inspection of ARRI data reveals that nearly two thirds of evaluated projects were rated below “moderately satisfactory” for at least one performance criterion. Indeed, almost half of IFAD’s projects were rated below “moderately satisfactory” for two or more criteria, and one quarter of projects were rated below “moderately satisfactory” for three or more criteria.

Historically, IFAD’s portfolio has been characterized by a majority of projects in which at least two performance criteria (sustainability and efficiency) have been assessed as below “moderately satisfactory.” While overall project achievement may have been above moderately satisfactory in 79 per cent of the projects, most have experienced difficulties in relation to the different and particular evaluation approaches. The diversity of evaluation criteria by which IFAD’s projects have been rated “below satisfactory” in their performance – individually and collectively – strongly suggests that IFAD is faced with a significant delivery challenge, and that it is too complex to be resolved by focusing attention on a single, dominant factor.

In-depth insights on the nature of IFAD’s delivery challenge have been provided by a recent (2012) unofficial assessment of the performance of IFAD’s portfolio of water interventions, which revealed that nearly 60 per cent of those projects had issues related to impact and implementation. Where the constellation of delivery factors converged most positively, achieving 70 per cent or more of infrastructure targets, with 2-3 years of project extension and/or a doubling of costs, performance was viewed as “relatively satisfactory,” because in most cases governments picked up the extra costs. Such levels of performance were reported for some 40 per cent of the sample of 46 water interventions.

Evidence from IFAD’s project completion reports (PCRs) has identified five clusters of common strengths and weaknesses that have contributed to (non-)/weak performance of IFAD’s water-related interventions. These five general clusters are:

1. **Overall goal/impact** (be it hunger reduction or boosting household income), whereby largely unexploited connections and real disconnections of water interventions from beneficiary impacts have their root in the value rationale of enhanced irrigation and other water assets, and their mutuality and co-dependence/feedbacks with other project components (rather than compartmentalizing water as an isolated natural resource or technology input);
2. **Cofinancing arrangements**, given the context in which IFAD contributes 40 per cent of total project costs on average. While co-financing arrangements are generally positive between IFAD and other international financial institutions, the significant involvement of other financiers can take entire components out of IFAD’s direct control, introduce particular parallel management and supervision arrangements, and often demand strong read-across relationships with other donor-financed interventions in project areas;

3. **Modalities among delivery agents**, whereby evidence suggests that weaknesses in the performance of delivery agents have proven to be significant “deal breakers.” Issues of procurement and financial disbursement can trace back directly to the arrangements within PMUs, but it is the performance and capacity of the various delivery agents and the quality of technical support/advice – often by agents outside of the PMU – that have proven to be the most significant weaknesses, resulting in unsatisfactory performance;
4. **Beneficiary institutions**, whereby many IFAD projects have adopted decentralized decision-making to varying degrees, and it is the degree of that decentralization that has proven key to project performance, whether positive or negative. This is because there are serious implications resulting from engagement by local management institutions, technology choices and beneficiary contributions, particularly for sustainability based on operation and maintenance cost recovery that is dependent on unreliable financing cycles in farming households;
5. **Water technologies** account for around 10 per cent of the observed positive and negative experiences related to the performance of water interventions within IFAD projects analysed, mostly concerning the design and construction quality, success or otherwise of a priori design studies, and unit costs.

The experiences within these five clusters suggest that delivery challenges span the B2B chain. While some may relate to the particular project management arrangements, it is suggested that the full B2B chain should be the focus of investigation of project performance, rather than PMUs alone.

### The role and significance of Project Units

This study investigates the role of PMUs employed by IFAD in order to address specific internal questions. It also takes Project Units as an entry point to exploring wider project delivery mechanisms. The focus of the study has been on how Project Units are configured, function, perform and mobilize capacity, with possible variations between MIC, LDC and FPC contexts. The investigation conducted by this study was complemented with the recently released findings of the “Water Components’ Performance” study, which analysed water-related interventions within a wider range of project contexts. This created a broad base for analysis, comprising around 46 closed projects with PCRs (presenting a distinctive analysis of water-related interventions) and an additional review of management and implementation arrangements within nearly 60 ongoing IFAD projects<sup>19</sup> (presenting a much broader analysis of delivery arrangements for a wider range of IFAD interventions). From these two bases of evidence, the following conclusions were drawn:

- Of the nearly 60 ongoing IFAD projects, around 90 per cent have adopted some form of Project Unit, thereby confirming the hypothesis of the “Approach Paper” that *“most IFAD partner countries use some form of PMU to implement IFAD-supported projects and programmes.”* The exceptions are projects where implementation/management is by an apex institution or commercial entity.
- Project Units differ in their roles and range of responsibilities, as reflected in their variety of names (e.g. Project Administration Unit, Project Management Unit, Project Implementation Unit).
- Such Units are assigned diverse roles and responsibilities because they are one part

19. The sample size is around 25 per cent of the total of IFAD's current live portfolio. The sampling method is simply alphabetical by country, and thus embraces all ongoing projects (as of late 2012) in 23 countries and a variety of country contexts, including 2 BRICs (Brazil and China), several MICs (Argentina, Armenia, Azerbaijan, Bosnia and Herzegovina, Bangladesh, Cambodia, Bolivia and Colombia), LDCs (Angola, Cote d'Ivoire, Central African Republic) and FPCs (Afghanistan and Burundi). The President's Board Reports were the source of information for all projects.

of a wider chain “between Borrower and Beneficiary” (see section 3.4), with roles and responsibilities often being distributed differentially along the chain. In some projects, executing agencies, delivery agents and beneficiary institutions have been assigned roles that in other projects were assigned to Project Units.

- Project Units adopt a variety of forms, including centralized and decentralized arrangements, playing the role of institutional “homes” in respect of executing and lead agencies, and operating with different degrees of autonomy.
- So far, no evidence has been found within the wider project portfolio to support the premise that internal characteristics of the Project Units significantly influence project performance. The evidence presented by the five clusters of strengths and weaknesses in the delivery factors influencing IFAD’s performance in water-related interventions confirm that the internal characteristics of a Project Unit can never be the sole, or even dominant, factor influencing performance.
- While the current study has considered the possible significance of country context and project type as key determinants of Project Unit make-up, the preliminary assessment suggests that there is no substantive evidence that these factors play a dominant role. Moreover, there is no evidence of IFAD applying guiding rules such as management substitution.
- Instead, decisions pertaining to Project Units seem to be governed more by the local investment setting in individual countries than by overarching guiding rules. Thus, decisions concerning Project Units are more likely to have been influenced by earlier projects, cofinancers and performance-based allocation systems (PBAS). Under PBAS, countries with large populations attract more IFAD finance, and thus more regularly instigate new IFAD projects, which tend to be dispersed as area-based interventions in different regions. This results in decentralized and distinctive delivery arrangements serving several concurrent projects. Conversely, countries with smaller populations attract less IFAD finance and instigate new projects less regularly, thus leading to more “successor” projects, with new projects beginning when predecessor projects enter their exit strategy stages.
- Virtually every IFAD project includes some degree of institutional evolution during the project lifetime, often on a trajectory towards a different, more mature institutional structure at completion. Thus, delivery arrangements that might not be “right for delivery” at inception are commonly the ones that are transformed during the project lifetime to achieve more effective delivery.
- Institutional risks are strongly emphasized in early project documents. Of high significance to this study is the fact that proposed mitigation measures frequently concern parties other than the Project Unit, suggesting IFAD already recognizes that performance/delivery challenges lie with a wide range of actors and are not limited to Project Units alone.
- While internal issues within a Project Unit – for example, salary incentives – may be of some significance, they are unlikely to be uniquely critical to project performance. Rather, incentives to perform functional responsibilities across the entire span of the B2B chain will need be considered.
- IFAD projects engage with a wide range of institutions within the B2B chain. As such, a small number of generalized institutional models cannot be easily constructed from IFAD’s ongoing projects. Consequently, in the medium-term, IFAD should examine strengths and weaknesses in goal alignments, cofinancing implications, performance of delivery arrangements and beneficiary

institutions across IFAD's wide diversity of implementation arrangements, rather than focus on any single segment of the B2B chain in isolation.

- It is critical to select and retain a well-qualified project director/manager – changes in this position can make or break a project, as has been demonstrated by some case studies.

### The emergent B2B chain

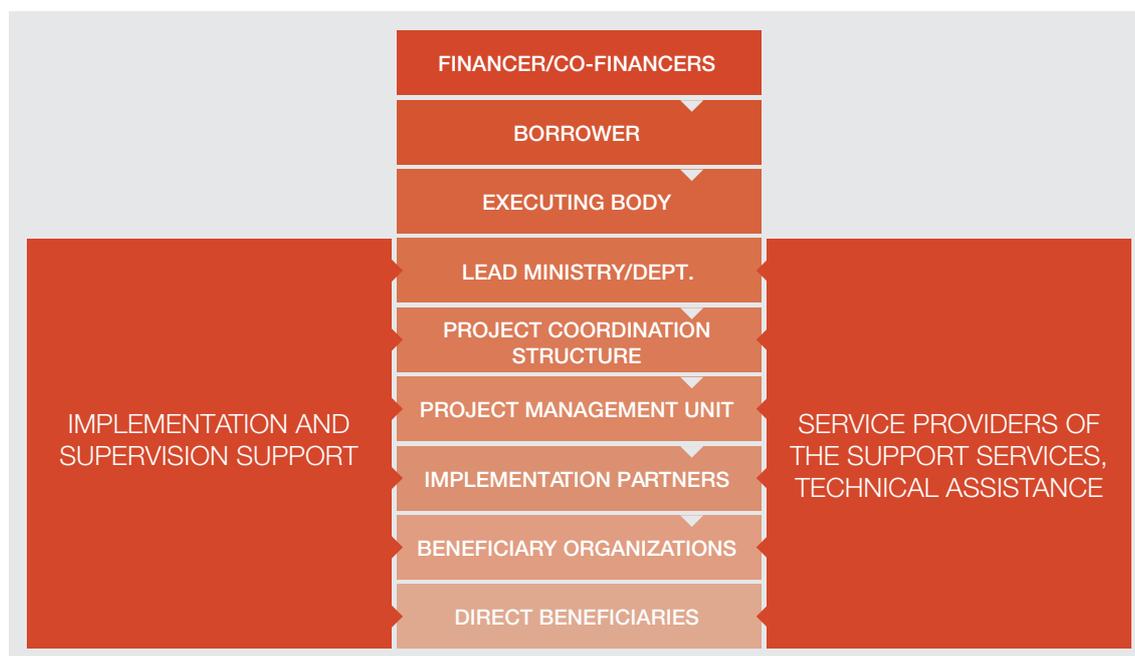
The investigation of PMUs has provided an entry point to addressing IFAD's delivery challenges, in addition to valuable insights into such structures. However, as deduced from several of the conclusions above, many of the delivery issues facing IFAD lie in the wider chain between Borrower and Beneficiary, rather than being confined to PMUs alone.

The key feature of delivery arrangements between Borrower and Beneficiary is that while 90 per cent of IFAD projects adopt some form of PMU, a further 90 per cent of those projects with a PMU of some form see that PMU being located within the overall institutional and organizational structure "between Borrower and Beneficiary," as typically illustrated by Figure 1.

Within this structure, in general terms:

- The **Financer** is IFAD, or another international financial institution or bilateral development partner supporting a government. The government is also the borrowing entity. Projects have often been the subject of prior dialogue among members of a donor group.
- The **Executing Body** is a line ministry, being the Ministry of Agriculture in around 70 per cent of projects, with alternatives being an agricultural parastatal, Ministry of Development Planning (or similar) or (in large countries) a State Governate.
- The **Lead Ministry/Department** is typically one line ministry (in the case of several line ministries being involved) or a department within the Executing Body.
- **Project Coordination** is typically a steering or coordination committee comprising inter-ministerial representation, and/or specialist implementation agencies, and/or stakeholders.
- The **Project Management Unit** is typically hosted within the lead ministry/department headquarters, or at the local level (provinces

Figure 1. Summary of delivery arrangements between Borrower and Beneficiary (B2B)



and districts), although some PUs are intentionally established as autonomous. As discussed in the conclusions above, PUs often have a “centralized and decentralized” structure, whereby the central PU hosted by the lead agency is complemented by decentralized units in project areas.

- **Implementation partners** can comprise partner line ministries, specialized agencies or contracted service providers (both public and private sector).
- **Support services/Technical assistance** in IFAD projects represent a wide variety of partners and/or contracted service providers, providing support services to different recipients in the delivery chain.
- **Beneficiary organizations** are a wide variety of institutional arrangements that are positioned as intermediaries between the implementation entities and the direct beneficiaries, including village organizations, producer groups, and as many as 20-30 other forms of intermediaries.
- **Direct beneficiaries** are the target group of the investment project.

*Functional responsibilities lie across the chain in different projects:* Despite this generalized model of institutional structures “between Borrower and Beneficiary,” evidence shows that different projects can entrust certain functional responsibilities to different institutions within the chain. By way of illustration, “overall responsibility” can lie with the programme SC (as in the case of Argentina), with the project coordination unit (as in the case of Bhutan), or with local agricultural development offices (as in the case of Angola). Similarly, not all of the key functions (coordination, consultation, procurement, management, administration, financial reporting, accounting, M&E) must be vested within a central Project Unit. Instead, they can be dispersed along the span of the B2B chain.

As a consequence, a Project Unit can take various forms, depending on its particular array of functions. Accordingly, it can be referred to as a Project Coordination Unit, Project Management Unit, Project Implementation Unit or Project Administrative Unit. These are not solely variations in name, but reflect differing roles and responsibilities.

Similarly, it is rare for a single “centralized” Project Unit to operate in isolation. Such units are almost always accompanied by decentralized units, located within decentralized line ministries or district offices (numbering as many as 10 to 14 in some projects in Bangladesh). Again, roles and responsibilities are vested differentially between centralized and decentralized units.

*Variations within the “standard” B2B chain:* Figure 1 is a generalization of the nature of the project unit, implementing agency and beneficiary organization, based on an analysis of nearly 60 ongoing projects and presented in simple graphical form. The examples of projects in Angola and Bolivia encapsulate some variations of the B2B chain within which Project Units are nested.

Across the full range of projects sampled, significant variations were found in the nature of project units, implementation agents, beneficiary organizations and beneficiary profiles, with each of the following occurring in more than one case (sometimes in combination):

- **Project Unit:** Apex institution (responsible for numerous projects/programmes), independent foundation, autonomous unit, commercial company or PU hosted by (lead) executing institution, line ministry or state institution.
- **Implementation Agents:** Line ministries, local administration, private sector, specialized agency, public-sector agencies, NGOs, community-based organizations, societies or consulting firms.
- **Beneficiary Organizations:** Farmers groups, SMEs/enterprises, commercial groups, producer groups, contract farmers, savings/

## ANGOLA

### Market-oriented Smallholder Agriculture Project

Project unit	Centralized and decentralized provincial project implementation units
Implementation agents	Private-sector service providers
Beneficiary organization	Farmer groups
Beneficiary modality	Investment participants/beneficiaries; matching grants

## BOLIVIA

### Economic Inclusion Programme for Families and Rural Communities in the Territory of the Plurinational State of Bolivia

Project unit	Centralized (Ministry of Development Planning)
Implementation agents	Local administration, community-based territorial organizations
Beneficiary organization	Local resource allocation committees
Beneficiary modality	Open public contests

credit unions, community-based enterprises, commune councils/community development committees, villages/village organizations, user groups (irrigation associations, water user associations, diverse user associations such as wetlands), beneficiary organizations or beneficiary committees.

- **Beneficiary Profile:** Investment participants, service clients (particularly in microfinance projects), recipients/contributors to (competitive) matching grants/revolving funds/investment/community funds, applicants in open public contests, contracted farmers or waged employment/labour.

Clearly, with such diversity within the categories of Project Unit, Implementation Agents, Beneficiary Organizations and Beneficiary Profile, it is challenging to establish a set of B2B models with a workable number of generalizations. However, the development of such models is likely to be important to IFAD, given that evidence from IFAD's water-related interventions has unequivocally shown that projects with particular economic goals perform best when they involve particular types of institutions as implementation agents and as beneficiary organizations. This constellation of institutions is different from that which performs best for projects with predominantly social goals. Critically, IFAD projects appear to perform least

well when institutional types are mixed in order to deliver mixed (i.e. social and economic) outcomes, with the result that both sets of outcomes are compromised to some extent.

### B2B and PMU efficiency

Basic data from ARRI ratings (2012) indicates that overall project performance has been moderately satisfactory or above for 79 per cent of projects. However, almost half of all projects are below satisfactory with respect to at least two evaluation criteria. One of these evaluation criteria is efficiency. ARRI data shows that some 80 projects (nearly 40 per cent) scored 3 or less out of 5 on efficiency. However, IFAD has not yet consolidated the evidence based on the degree to which delivery and institutional arrangements collectively affect ARRI ratings.

For this study, over 50 PCRs from projects considered in the ARRI report (2012) were analysed regarding B2B and PU dimensions. They rated performance against specific criteria, explaining why performance has been satisfactory or unsatisfactory. It was noted that, in most cases, PCRs did not identify the PMU as a "make or break" factor affecting efficiency.

For example, the Moldova Rural Business Development Program scored "5" for efficiency. The PCR for that project noted that strong

efficiency stemmed from the “Market-derived Infrastructure Investments” approach and from the significance of investments along the value chains. Borrower contributions were notably high. There was a very high use of project capital in leveraging funds. Unit costs of infrastructure were comparably low. These appeared to be the real “keys” to efficiency, attributed to the roles that different actors, including beneficiary borrowers and service delivery agents, played along the B2B chain. This project had “very high management efficiency (demonstrated by the project’s Consolidated Programme Implementation Unit [CPIU]), without comprising quality of implementation and output and impact...” - i.e. it delivered on time and within budget. Some challenges noted with regard to inexperienced M&E staff within the CPIU were being redressed through reform of the M&E office. There were other sub-PMU issues related to the efficiency rating of “5,” but the CPIU (or individual facets/characteristics of it) were not identified as the single “make or break” factor in respect of efficiency.

Armenia Rural Areas Economic Development Programme also scored “5” for efficiency. The factor most responsible for this rating was the Financial Outreach under the Rural Finance Facility, and the low unit costs in job creation stemming from that. ARRI (2012) noted that “closer collaboration between the irrigation infrastructure investments, Rural Business Intermediation Services (RBIS) and Rural Finance Facility (RFF) in promoting on farm investment would likely have brought forward the benefits and increased the efficiency of the programme outcomes.” This disconnection is clearly a B2B interconnection that lies at the root of this loss in overall efficiency.

In contrast, Yemen Southern Governorates Rural Development Project scores “3” for efficiency – i.e. it is an example of a project rated as moderately unsatisfactory against this criterion. While there was some criticism in respect of

M&E, the PMU was overall judged positively: “It also highlights the efficiency with which it has executed the project which is a commendable achievement. On the whole, the Unit has executed a very complex project under complex conditions...” In other words, the project’s performance was deemed unsatisfactory in terms of efficiency, despite the strong performance by the PMU. The principal problem with this project was: “A delay caused by the land problem,<sup>20</sup> combined with the conceptual and implementation difficulties faced with respect to the community development component, led to the dropping of the participatory approach, which in turn caused a number of other changes.” The change of approach meant that the locus of the project was switched from community to district level. As a result, the project’s operating area was stretched to over 50 districts and the target population to 500,000 people. Given the new (and significantly larger) target, the project struggled to be efficient. This demonstrates, again, that the root causes of inefficiency lie along the B2B chain, and not with the PMU, which in this case was strong.

These examples illustrate that IFAD could significantly improve the relevance of its discussion concerning the B2B chain and PU, while PCRs suggest that B2B issues will dominate the explanation of ARRI criterion ratings, while specific PU issues will not.

### **B2B recommendations**

1. The functions, roles and responsibilities of a Project Unit have to be attuned to the particular B2B chain within which the Unit has been established. This means accommodating different forms of oversight, implementation agents and beneficiary organizations, and managing different forms of beneficiary engagement. Because of the wide variations in delivery mechanisms along the B2B chain in IFAD projects, few Units would be identical in terms of detailed set-up and functional responsibilities.

20. Government failed to provide lands to farmers dispossessed by its own land denationalization policy.

2. The success of the interconnections along the span of the B2B delivery chain can be at least as significant to project performance as internal factors within a Unit. This should always be borne in mind by CPMs; because there are so few like-for-like cases, assessing the significance of, for example, salary incentives for Unit staff will be difficult, if the effectiveness of running a community fund, ensuring timely release of funds to decentralized implementing agents, or quality control of contracted civil works will have a greater influence over project performance.
3. Rural finance projects have displayed distinctive project implementation arrangements, often engaging microfinance institutions as key implementers and establishing beneficiaries as “service clients” (although this is not the case in every country). Beyond this group of projects, however, there is no discernible evidence that delivery mechanisms of IFAD projects are determined by country situation, thematic focus, food security outcomes or scaling-up intentions, nor by any a priori guiding principles around management substitution.
4. Each country, whether classified by status or project type, adopts a wide variety of B2B linkages, with no discernible patterns (at this stage of analysis) being attributable to any of the main factors suggested in the Approach Paper. Rather, the dominant explanatory factors influencing management arrangements, of which CPMs need to be mindful, are evolution from precedent projects, management arrangements of cofinancers of IFAD projects, and country size, with the largest countries (where IFAD implements more projects because of PBAS) operating under more decentralized (often state-level) modalities.
5. The preliminary B2B framework, based on evidence from ongoing IFAD projects, suggests that IFAD CPMs need to focus on the wider “Borrower to Beneficiary” connectivity, of which Project Units are but one part.

This wider focus on delivery arrangements, rather than on Project Units alone, is strongly recommended.

6. While diversity prevails in the current portfolio, it is recommended that IFAD consider – for future use – the identification of appropriate institutional mixes across the B2B chain that are most distinctively appropriate for achieving economic outcomes and social outcomes.
7. IFAD should conduct further baseline analysis to determine the direct and relative significance of B2B and PMU-related issues in relation to the quantitatively assessed ARRI scores on key performance criteria, using PCRs as data sources. A better understanding of root and dominant factors affecting performance would enable IFAD to ensure that they are appropriately addressed in delivery and institutional arrangements, building on lessons of strong performance and tackling issues of weaker performance across its portfolio.
8. Finally, it is recommended that IFAD give due consideration to performance risks associated with mixed-outcome projects; such projects usually entail a mix of institution types – a factor which has been identified as a major impediment to outcome attainment in past projects.

### Overall effectiveness of PMUs

Overall, this study indicates that Project Management Units are an effective way to provide management, quality control, administration and logistical services that projects require.

No particular “problem” themes were identified that might suggest the need for alternative forms of management mechanisms. This research has clearly indicated that the overall management and implementation chain of most IFAD projects is designed to fit quite closely to the perceived country and project environment. No evidence was found to suggest that this had not been done appropriately, at least for the cases studied.

Themes of strength regarding PMUs and their effectiveness in providing management services included the following:

- PMUs allow staff – particularly seconded government staff – to focus on their specific roles without distraction, e.g. as a full-time role, rather than part-time or multi-functional.
- Having resources dedicated to specific management functions promotes improved performance. PMUs are also useful in circumstances where poor performance, corruption or mistrust are prevalent – for example, by helping to “shield” projects from potential misappropriation of project resources, or initiate relationships with groups that could be mistrustful of government.
- PMUs allow capacity-building of local staff – both government and non-government – and most respondents believed that PMU staff were generally “available” to government and development projects in general once PMUs were closed down.
- Competitive recruitment processes allow the appointment of “best-fit” personnel to provide the skills and qualifications required, even where they are recruited from within government. Quality individuals count in PMUs, as they do elsewhere.
- Several respondents indicated that the ability of projects to pay above-government salary rates or top-ups was important in providing the incentive for PMU staff to work hard and achieve objectives. Respondents generally downplayed the seriousness or impact of potential jealousies from other staff regarding this differential. Most respondents did not feel that there were large numbers of conflict incidents as a result.
- A properly functioning performance management system was not often cited, but respondents acknowledged that it was a necessary aspect of promoting

good performance. A higher salary on its own may not produce consistently good performance without some kind of check and balance. Most respondents felt that performance management systems were implemented correctly, although not all could recall examples of performance-related disciplinary actions.

- Where existing government systems used by PMUs were deemed effective, they were perceived as having a beneficial impact on the PMU’s overall effectiveness.

Themes of weakness for PMUs included:

- Where projects were complex, i.e. with multiple components and active stakeholders, PMUs reported difficulties in meeting their objectives due to challenges in coordinating large numbers of stakeholders.
- If PMUs are required to use cumbersome or ineffective government systems, this has a significant negative impact on effectiveness and project outputs/outcomes.
- PMUs can, like any organization, be influenced by the general institutional/organizational culture in its working environment. The Jordan ARMP2 PMU case study, for example, highlighted that the “... general organizational culture of accepting such delays because ‘that’s the way the system works’...” was probably implicated in some of the project’s delivery problems. Good strategic oversight (which, in the case of ARMP2, wasn’t present), supervision, staff incentives and capacity-building are potential ways to mitigate this concern.
- Project management or technical staff job descriptions and contracts need to be appropriately structured for clarity and swift (but fair) action in the case of poor performance. The project’s performance review processes must also be properly implemented and follow-up action on poor performance carried out immediately.

## Efficiency of PMUs

OECD-DAC defines efficiency as “a measure of how economically resources/inputs are converted to results.” Depending on the context, “results” can mean outputs, outcomes and impacts. All three levels of efficiency are relevant, although IFAD usually has greater control over the first and second. Although different efficiencies generally move in tandem, there can be trade-offs, in some instances, between pursuing high levels of efficiency in terms of outputs or outcomes, and achieving satisfactory or highly satisfactory performance in terms of impact and sustainability.

IFAD’s own evaluation data (both independent and self-evaluation) confirm that efficiency of IFAD-supported projects is among the lowest-rated criteria of performance, with little discernible improvement since 2006. IFAD’s senior management has recently invested considerable time and attention in evaluating programme efficiency – for example, by producing the corporate-level evaluation (CLE) of efficiency during March 2013.

The CLE concluded that only 55 per cent of projects evaluated in 2009-2011 were moderately satisfactory or better in terms of efficiency. It also found that efficiency was correlated with country context – i.e. projects in fragile states and sub-Saharan countries showed weaker performance. It also showed that IFAD’s own performance was closely correlated with more efficient programmes. Regarding Programme Management, the CLE focuses much more on IFAD and strategic-level conclusions. There is some discussion of weaknesses in M&E which is relevant at the PMU level, and the analysis section indicates that “continued reliance on PMUs or equivalent ... also mean questionable sustainability for the longer term and poor prospects for scaling up.”

This raises some questions. The link between overall project efficiency and efficiency specifically of the PMU (or other management mechanism) is not explored in the CLE report. Is it the case that better/more efficient PMUs will naturally lead to

projects with higher-rated efficiency? The analysis from this research indicates that PMUs do not appear to be a “magic bullet” that can be used to drive higher project efficiency. The B2B chain as a whole is identified as a better target for efforts aiming to produce more effective operational delivery and management, and therefore efficiency. The performance of service delivery agents and the associated management activities (tendering, contract management, performance review, M&E, etc.) are particularly identified as a potential area for improvement. These two areas are more likely to be of interest for future studies focusing on efficiency gains. Nevertheless, it remains true that any weak link in the chain may negatively impact on performance up- or downstream. The programme management function and mechanism still needs to be constructed and resourced with the appropriate level of attention to detail and quality.

It is also unclear in what way “reliance on PMUs” may be hindering sustainability. For example, the case studies indicate that staff that work on PMUs still appear, by-and-large, to be “available” to government once projects end. This tends to throw doubt on the argument that the human resource capacity of governments is reduced by projects because they “drain” staff away from government first to projects, and then on to the better-paid private sector. However, given the qualitative nature of this study, this is a finding that could be researched using a broader-based quantitative approach to gain better generalizability.

The PMU study evidence indicates that, contrary to findings in the CLE, middle-income countries (MIC) do not necessarily have better-performing PMUs, as the Jordan case study makes clear. This indicates that even having theoretically better processes and human resources is not a given in a MIC. Conversely, the two LICs considered in the study (Bangladesh and The Gambia) both had projects that were seen as relatively efficient.

IFAD’s overall project management costs generally ranged between 8-24 per cent of programme costs, with a few projects going outside of this

range, either upwards or downwards. The overall “best” ratio of management costs to programme costs is subject to many variables, notably the type of project and the type(s) of results required. Investigating the link between PMU/management arrangements, efficiency and overall ratio of management costs to programme costs will be difficult and costly. In conclusion, it is likely that greater benefit will be gained from focusing on efficiency studies and improvements to other elements of the overall B2B chain. Nevertheless, it will always be important to ensure that the project management arrangements, whether in the form of a PMU or some other structure, are as efficient and effective as possible.

### Effectiveness of super-PMUs

This study looked at one super-PMU in detail – the Malian *Coordination Nationale des Projets et Programmes FIDA au Mali* (CNPPF) – and one in less depth, as part of the Gambia *Nema* case study.

In both cases, there were areas of strength and weakness in terms of how effectively they were fulfilling their roles.

The Malian CNPPF was acknowledged to have played an important role in some aspects of its responsibilities, such as ensuring smooth administration, being a central focal point for communications and easing logistics. On the other hand, it was not yet managing and directing knowledge management functions such as the dissemination of best practices, and had not yet organized regular meetings to share information and coordinate the activities of the projects. It has started aggregating M&E data from project to national level, thereby informing the annual COSOP review exercise. Having recently been with a grant-funded entity created to foster policy dialogue, it continues to take some of these activities forward.

The Gambian Central Project Coordination Unit (CPCU) was reported to be struggling to become an effective coordination mechanism. On the positive side, key informants reported that there was agreement over the role that the CPCU could play, as well as agreement that it could be effective and add value. However, understaffing and the absence of senior managers (which were



under recruitment processes at the time of the study) were generally cited as reasons for lack of performance on the ground. Although issues at the CPCU level did not appear to be negatively impacting on IFAD projects, the report concluded that "...the CPCU does not yet seem to be an effective management layer."

Themes which came out from these cases were as follows:

- Although super-PMUs were acknowledged as potentially having a useful role, the examples studied indicate that they bring additional challenges, as well as potential effectiveness increases. These challenges need to be carefully considered in each particular case.
- As an additional layer of management – and therefore cost increase/potential efficiency decrease – the role of the super-PMU needs to be agreed between all stakeholders and supported fully. They are usually set up with the intention of evolving them over time to move more and more functions from the project level to the super-PMU (e.g. procurement, cross-cutting technical issues such as gender and targeting, partnership arrangements with universities and especially the private sector, etc.).
- Super-PMUs need to have skilled and qualified staff, particularly if they are to provide M&E, knowledge management and strategic/quality control functions. Leadership and strategic direction is a critical area of performance that needs to be staffed and supported appropriately. This is particularly important given the findings of this study that strategic oversight and guidance were often reported as lacking by project and IFAD staff. Political will was also cited as an important factor – i.e. if the super-PMU does not have such support, it will likely be less effective. Projects are likely to be reluctant to give up control over certain functions, so such political support and leadership is necessary.

- M&E and knowledge management was another area that appeared to be challenging; again, having the appropriate skilled staff and other resources is critical.
- Sustainability of super-PMUs was a sub-theme that was not investigated in depth, but which nevertheless needs to be reviewed. The Mali CNPPF is paid for directly out of IFAD project funds. When these projects end, what is the likely fate of the CNPPF? A similar question arises regarding the CPCU in The Gambia.

### Paris Declaration compliance

All of the case studies investigated and projects analysed by the study of water-related interventions showed that the project management arrangements were, overall, compliant with the Paris Declaration Indicator 6, which is to "avoid using parallel project implementation units to the maximum extent possible."

The main test of Paris Declaration compliance developed for this study (see annex 4 – Description of tests of Paris Declaration compliance for method and details) included questions and criteria that focused on: lines of accountability; use of government systems versus IFAD systems; criteria relating to staffing, such as recruitment or appointment processes and salary/benefit levels; perceptions of staff "availability to government" on project completion; capacity-building; and to what extent government takes over the responsibilities of the PMU on project completion.

The projects were also briefly assessed using the EC's test of Paris Declaration compliance, as well as the OECD-DAC's test. These two tests are also briefly explained in annex 4.

## Overall Results

Broadly speaking, all of the investigated projects appear to comply with the Paris Declaration, with some variations, as shown in table 1 below.

Based purely on averages, the Bangladesh FEDEC project appeared most compliant, while the Gambian *Nema* project scored the lowest – although still within the range defined as “acceptable” by this study. All projects showed some areas where they were more compliant, as well as areas of lower compliance.

IFAD generally makes a significant effort to mainstream its PMUs within government systems wherever possible. This finding confirms the broader findings of the “Water Components’ Performance” study: “Across the full range of projects sampled, the Project Unit, Implementation Agents, Beneficiary Organization and Beneficiary Modality each display significant variations...” In other words, each IFAD project is designed, from the management mechanism perspective, to suit the context of the country, its relationship with IFAD, and the needs of the project. This approach, which closely matches management mechanisms to circumstances, may explain why these IFAD projects score relatively highly on the IFAD Paris Declaration Test: the design process has encouraged a greater focus on government accountability and use of government systems.

Compliance to Paris Declaration principles therefore does not appear to be a major constraint or problem for IFAD projects, at least among those studied. Nevertheless, some of the themes where the projects were weaker or showed mixed compliance could be reviewed and lessons drawn into guidance for project design.

## Themes of strong Paris Declaration compliance

Across the case studies, some areas of Paris Declaration compliance were seen to be, generally speaking, stronger than others. These are assessed below.

## Accountability to government

Apart from the *Nema* project in The Gambia, the scores for this question were among the highest of any questions. Most respondents were quite clear that IFAD projects were generally accountable to government, with IFAD being in the loop, often in a “no objection” capacity rather than an approval capacity. This is one of the strongest overall areas for IFAD, which makes it compare very favourably to many other development-supporting organizations, such as bilateral donors or international/national non-governmental organizations.

## Staff appointment or recruitment

This is a complex area for which to judge Paris Declaration compliance. On the face of it, the Paris Declaration appears to require that projects be implemented directly by government staff. However, many respondents indicated that governments often have a policy of hiring staff from the private sector or competitively for projects. It is thus not appropriate to judge such practices as “non-compliant” when they represent the government’s own policy. Indeed, it may be that the government has a standard policy of outsourcing such management arrangements. So again, the Paris Declaration compliance should be investigated with this in mind.

The interviews and instruments therefore sought to understand the level of satisfaction of government with whatever system was used. For example, was competitive recruitment forced on the government against its will to some extent, or was it generally happy with that approach? This study took the view that it is the degree of government agreement with the approach (e.g. competitive recruitment) that is the defining criteria for judgement, rather than the approach itself.

In most projects, the governments’ approach was to recruit staff competitively from the open market wherever necessary (e.g. The Gambia’s

*Nema* project). Some also appointed staff. This criterion therefore scored the highest – on average 3.51, ranging from 3.78 down to 3.00.

### Use of government systems

Projects tended to score highly for use of government budgeting, procurement and existing coordination systems at the national or regional level. Procurement systems were the clearest leader in this regard, with all four projects scoring 3.33 (or above) – probably as close to full marks as one could reasonably expect. This is probably because, as part of COSOP preparation or project design, IFAD's Finance Division requires the Regional Divisions to perform an assessment of the coherence between government procurement procedures and IFAD procedures. This information has often been drawn from secondary sources (e.g. the World Bank) and, in the vast majority of cases, government procurement procedures are found to be acceptable to IFAD. They are therefore used by the projects.

### Perception of the “availability” of government employees to government on project completion

Most respondents reported the perception that, where government staff (and indeed other non-government staff) were assigned to or successfully recruited by a project, they were generally likely to be “available” to the government in some way at the end of the project. Modes of availability for project staff included:

- Government staff being reabsorbed back into line government roles.
- Government staff being appointed to project PMUs of other donor or funding organizations.
- Project staff that were initially non-governmental were sometimes also either taken on as government employees, or themselves moved to another project.

The hypothesis that “government staff join PMUs, then leave government for better-paid jobs in the private sector, taking their capacity/experience with them” did not seem to be



**Table 1: IFAD test of Paris Declaration compliance, average scores from respondents by country/project**

Countries, projects and average scores from respondents				
QUESTIONS	Jordan ARMP2	Mozambique ProPESCA	Gambia Nema	Bangladesh FEDEC
1. To whom do lines of accountability go?	3.67	4.00	2.50	4.00
2. To what extent does the project use the following government systems:				
2.1 Planning	1.67	3.67	1.50	3.50
2.2 Budgeting	3.67	3.67	2.00	4.00
2.3 M&E	1.33	3.00	2.50	3.00
2.4 Procurement	3.67	3.33	3.50	4.00
2.5 Auditing	3.67	1.00	1.50	2.50
2.6 Existing coordination mechanisms at the national and/or local level	2.00	3.67	3.00	4.00
3. Who set or mainly controlled the project management/professional staff's Terms of Reference (job description, qualifications, skills required, etc.)?	3.00	2.67	2.00	3.50
4. Recruitment (a): where project management/professional staff are (or were) mainly appointed, rather than recruited, who did the appointing?	4.00	3.33		4.00
5. Recruitment (b): where the Project Manager/Coordinator was appointed rather than recruited, who did the appointing?	4.00	3.33		4.00
6. Recruitment (c): where project management/professional staff were mainly recruited through a competitive process, who was the main driver of this approach?			3.00	4.00
7. Recruitment (d): where the Project Manager/Coordinator was competitively recruited, who was the main driver of this approach?			3.00	
8. What are the salary levels of the project's management/professional staff?	3.67	1.67	1.50	2.00
9. What level of additional benefits do project staff receive (that government generally does not), e.g. per diems, health insurance, etc.?	3.33	3.33	1.50	2.50
10. For government staff in PMUs, what is your perception of how "available" to government they are (or will be) once the project closes, in general?	3.33	3.67	3.00	3.50
11. How much management capacity or additional skills have been transferred to government management staff as a result of the PMU/project?	2.67	4.00	2.50	4.00
12. To what extent have line government staff taken on the responsibilities of the PMU over the life of the project? Alternatively, to what extent are there activities or plans in place to transfer the responsibilities to government?	1.67	3.67	2.50	4.00

Paris Declaration compliance scored using 4-point Likert scale. Key: ■ = better compliance; ■ = moderate compliance; ■ = less compliance

broadly supported, although respondents did cite examples where this happened. Nevertheless, most reported that there were many incidences of both government and originally non-government staff being “available” to government after projects’ end. While this finding does not refute the hypothesis completely, given the restricted nature of this research, it is certainly interesting that most respondents did not feel that the “drain” of capacity from government to the private sector was a major factor.

### Themes of weaker Paris Declaration compliance

#### Use of national auditing systems

This was the clearest area of weak Paris Declaration compliance and the lowest-scoring of any criteria, although there were variations within the projects as well. Two projects were relatively unequivocal – government systems were not used. One project used government systems and one used them moderately. The reason for non-compliance was, in both cases, lack of government capacity. The Gambia’s *Nema* project made the point, however, to involve a government auditor in the selection of auditing bodies. With regard to recruitment, one could argue that the “level of government satisfaction with the approach” indicates that there could have been more active application of the Paris Declaration criteria.

#### Salary levels of project staff

In two projects, salaries were reported as unequivocally higher than government salaries, even though government had, in at least one case, agreed to these salaries. In the case of the Bangladesh FEDEC project, PKSF – as a quasi-non-governmental organization – set its own salary structure, which was benchmarked against the private sector and therefore higher than that of the government.

The level of salary disparity between government and private sectors was mentioned in at least three of the projects as being either the reason

for higher salaries or, in the case of the Jordan ARMP2, a reason for low staff morale and performance. While the correlation between salary and performance is a contested one, it is clearly perceived as being strongly correlated.

### Themes of mixed compliance

Some criteria showed quite strongly “mixed” compliance (i.e. criteria where projects differed markedly, or where the scores were intermediate).

#### Use of government M&E and planning systems

Use of government planning systems was the criteria that differed most across projects, with two reporting that they were not greatly used, while two rated this highly. Given that most projects used some kind of formal government-based annual work planning and budgeting process, it may be useful to investigate this area in more depth.

Use of government M&E systems was an area of difference and also an area where the key informant interviews did not really bear out the high marks given by at least one project – Mozambique’s ProPESCA. The most common reason for not using the governmental M&E system was that it was underdeveloped: the projects’ M&E systems were often far more advanced and operational than the broader governmental system. This appeared to be the case when discussing the Mozambique Government’s agricultural M&E system. Respondents appeared to take the view that the ProPESCA system WAS the government system. While it is true that in time it might become the governmental system, or be absorbed into it, it mainly appeared to serve the needs of the project, rather than the broader Ministry of Agriculture. This highlights a difficulty in IFAD projects of drawing the line between “project” and “government.” It is also likely to be driven, in part, by the need of any IFAD-supported project to report on the “compulsory” Results and Impact Management System (RIMS) indicators, which are used to report to the Executive Board.

### **Perceptions of PMU responsibilities being handed over to government**

These criteria showed marked differences – ranging from an average of 1.67 for the Jordan ARMP2 to 4.00 for Bangladesh’s FEDEC. In the Bangladesh case, however, the criteria were arguably less applicable. The purpose of the project was to strengthen PKSF in its core role of on-lending funds to microfinance institutions, a responsibility that would not be handed over to the government. The project therefore qualifies in the sense that the normal operations of PKSF will continue, but recognizing that this is not a responsibility of the government per se. The question was less appropriate for The Gambia’s *Nema*, a relatively new project that still has over seven years to run. Nevertheless, respondents identified some concerns about government capacity to continue such activities at the end of the project.

### **Staff terms of reference/job descriptions**

The Paris Declaration – and the OECD-DAC and EC tests – see this as an important area for judging compliance. Most respondents recognized that the design process was very collaborative, but respondents from two projects – The Gambia’s *Nema* and Mozambique’s ProPESCA – indicated that IFAD had more of a leading role than the respective governments. This may be down to the difficulty of making a judgement about who is actually leading or “most influencing” a collaborative process. Respondents did not seem to indicate that it was a major area of either government or IFAD concern.

### **Level of benefits for project staff that government staff do not receive**

This area is also problematic due to the difficulty of comparing like-with-like across different employment contracts, conditions, and also the range of conditions found within government. It is therefore reasonable to group this with the “salaries” theme and conclude the same.



# Scalability, sustainability and exit strategies

## Scalability

Scaling up is now an IFAD priority, which has adopted the Spaces and Drivers analytical framework for assessing the enabling conditions for scaling up of a given project, programme, component, subcomponent or innovation<sup>21</sup> and for developing a set of activities to promote scaling up, i.e. a scaling-up strategy. It is clear that selecting and strengthening the right organizations as part of IFAD's project design and implementation is key, both for project success, scaling up and sustainability. The institutional and organizational space, as defined in the IFAD/ Brookings Institute publication on Spaces and Drivers of scaling up, broadly includes the institutional and organizational capacity, structure, culture/orientation, incentives and reach to implement an innovation or intervention on a large scale. PMUs fall within the institutional and organizational space which substantially overlaps with other spaces: policy, fiscal, and the drivers or incentives or politics of scaling up. Similarly, organizations cannot function as effective scaling-up agents or intermediaries if they do not have political support. Scaling up, and therefore a successful strategy for scaling up, is an interdependent mix of the innovation itself, policy priorities and politics, the scale and depth of objective need for an innovation, the legal, regulatory and institutionally enabling environment, fiscal constraints, and many other considerations in addition to the specific choices about institutions.

All of the projects chosen for the study represent one form of scaling up: that of successive support by IFAD. The projects also demonstrated other aspects of scaling up, such as geographical (i.e. operating

in more and different areas); population (targeting more and/or different beneficiaries); and technical (operating in new technical areas or with new technical approaches). Scalability is an area in which a detailed study has not been previously conducted. The discussion below should therefore not be treated as definitive, but as the beginning of a process of identifying themes or apparent patterns for future investigation.

One observed scalability strength was that all the projects – apart from the Mali CNPPF, which has a super-PMU – were either in second (or third) phases, or – in the case of Bangladesh – focused on allowing the institution to scale up its operations. In Mali, one of the objectives of the CNPPF is to manage knowledge for cross-fertilization among projects to promote the scaling up of “what works,” as well as the mainstreaming of already successfully piloted innovations (such as, for example, micro-/drip irrigation).

Two other areas of strength were the **natural resources (NRM)/environmental space** and the **policy and political space**. The NRM approaches and activities in the projects represent a significant strength in that they can potentially be taken to greater scale. In addition, the success of the projects should have a positive impact on the policy and political environment, making it supportive of such NRM activities.

Only in Jordan did the policy or political space appear to be a weakness, mainly due to continued perceived scepticism about community-based and participatory approaches.

21. The term ‘innovation’ refers to the interventions being scaled up, whether they are entire projects or programmes, or specific, individual subcomponents or activities.

**Table 2: Project strengths and weaknesses in scalability spaces**

Project Spaces	Mozambique ProPESCA	Jordan ARMP2	Mali CNPPF	Bangladesh FEDEC	Gambia <i>Nema</i>
Fiscal/Financial	↓	↓	↓	↑	↑
Natural resources/Environmental	↑	↑	↑	↕	↑
Policy and political	↑	↓	↑	↑	↑
Institutional, organizational, staff capacity	↕	↕	↕	↑	↕
Cultural	↑	↑	↑	↕	↔
Partnership	↔	↔	↑	↕	↔
Learning	↑	↑	↕	↑	↓

Key: ↑ = strength; ↓ = weakness; ↕ = unclear; ↔ = not studied therefore unknown

The scalability “space” that most often appeared as a weakness was that of the **fiscal/financial** aspects. In three cases (and a fourth, depending on viewpoint), the studies recognized that the respective governments may not have the financial resources to continue the project’s activities, let alone expand them or take them to scale. While The Gambia’s *Nema* project rated the fiscal area as a strength, this was based on the fact that it has IFAD and other financial support for the next seven years. Whether the Gambian government will by then have the resources to continue the project or leverage other actors in the private sector to scale up certain components remains to be seen.

Although the **learning** space appeared as a strength in three of the projects, there were significant issues with M&E systems in at least two of them, particularly when looking beyond the projects’ M&E system. In Mozambique and Jordan, the government’s M&E system (i.e. their systems of organized knowledge management, as opposed to organic experience accrued in the minds of its staff) appeared weak to non-existent. This calls into question whether the learning space will be an effective supporter of overall scalability. It could be argued that, in fact, the learning space is one of future weaknesses unless greater attention is paid to such systems by the governments.

Of further concern are the questions around the **institutional, organizational and staff capacity** spaces. Each project reported this area as either satisfactory or good, but nevertheless significant issues were identified in this space as well. In some projects, questions were raised over whether capacity-building had been effective in raising staff performance. In others, the concerns over the capacity of the SCs to provide good strategic direction indicated a significant area of performance weakness. This space is “unclear” for almost all projects, which is indicative of potential issues. The issues relate to: sometimes inadequate strategic oversight; persistent under-performance despite capacity-building (Jordan); and reported management and coordination constraints due to the complexity of scaled projects (Mozambique). Although these studies cannot make general claims, this is an important theme that deserves careful assessment, because there are cases of governments using IFAD projects as pilots and either scaling up with their own resources (e.g. China) or including them as part of a strategic convergence with other ongoing government programs (e.g. India), whereby core elements of the IFAD project influence larger public programmes.

The **cultural** space was less studied, although at least three of the five studies concluded that it was or could be a strength. These answers were mainly based on the assessment that the programme's approach was aimed at achieving developmental change while involving women or communities that were not previously involved – i.e. they were aimed at changing the cultural role and expectations of women.

### Sustainability and exit strategies

Sustainability of the PMUs is not usually the intention of most IFAD-supported programmes or projects. This study has assumed, therefore, that the capacity-building of project management-related skills is therefore a proxy for sustainability in terms of management arrangements. The "availability" of PMU-based staff to government is also considered a sustainability measure. In addition, it is assumed that a project's Internal Economic Rate of Return (IERR) will cover the recurrent costs of continuing activities, including through taxation, which will provide resources to the government for their portion of these costs.

These metrics indicate that, in terms of "availability of staff," IFAD projects do potentially contribute to sustainability. Although the study mainly measured perceptions, most respondents indicated that PMU staff generally remained "available" to government in some form once IFAD-supported projects ended. Government-supported, -sanctioned or -tolerated policies that allow recruitment from the private or non-governmental sectors reinforce this theme: they make the entire human resource base of the country potentially available to government. In addition, IFAD cofinanced projects allow people, including government staff, to get to know their rural areas (including remote rural areas), and the many facets of rural poverty, most of which they were previously unfamiliar with because they come primarily from the educated urban élite.

The most significant challenge to this aspect of sustainability appeared to be the level of remuneration that governments are able to offer. Line government positions were often significantly

less attractive than private-sector salaries, even taking into account benefits such as retirement pensions. In addition, the perception that "government does not fire people" may be attractive in the sense of offering security, but it does not necessarily promote a culture of excellence or concern for high-quality performance.

In terms of capacity-building, most respondents noted that projects did "a lot" in that respect. Levels of satisfaction with this theme were generally high. However, questions were raised in at least one project (Jordan ARMP2) regarding the impact of capacity-building, given its generally unsatisfactory performance even after capacity-building. The project only began to show improved performance after intensive IFAD-led supervision and technical support. Other projects also mentioned potential weaknesses in capacity-building. This means that future IFAD designs should carefully consider not only the type of capacity-building offered, but also how it is integrated into the overall management and supervision of projects. Integration into performance management systems is also an area for future thought and analysis. Capacity-building needs to be considered as an integral management approach, rather than a separate "one-off" activity that self-evidently produces results or positive changes in behaviour. Capacity-building beyond the boundaries of projects – particularly towards strategic leadership units such as SCs – is also an area for review.

Questions over the sustainability of project-supported super-PMUs, such as in Mali and The Gambia, are easy to raise and harder to answer. It is tempting to say that the questions will answer themselves if/when IFAD support either declines or ceases. If these super-PMUs are playing a genuinely useful role, they will undoubtedly continue in some form. If not, then they will be disbanded. The question, in the meanwhile, is "should IFAD continue to support its resources being used in this manner?" This study cannot answer the question in full. Nevertheless, the sustainability and cost/benefits of super-PMUs are themes that deserve future attention.

## Public goods – private goods

Exit plans typically refer to the need for governments to continue financing and implementing key activities, often in partnership with stakeholder organizations such as farmer organizations. An issue not explicitly addressed by this study concerns IFAD's recent and significant shift of emphasis towards value chain development and the implications thereof for project and programme implementation arrangements.

Value chain development in agriculture, as in any other sector, brings with it the need for addressing a mix of public and private goods and services delivery, with a relatively more significant focus on the latter, and an objective of promoting the local private sector in rural areas. Decades of experience have demonstrated that, broadly speaking, governments and their public-sector technical line agencies are ill-placed and ill-equipped to do so, or at least to directly deal with private-sector development and handle the delivery of private goods and services. Of course, they have and will remain in charge of regulatory and supervisory functions in this domain. Against this background, PMUs clearly present something of a compromise solution as they are not "typical" government entities, and enjoy a degree of managerial, decisional and financial autonomy. Moreover, as illustrated above, they are often able to recruit professionals from the private sector, who bring this different perspective and way of doing things to the job.

At the same time, IFAD's procurement procedures are, in most countries and in most cases, flexible enough to allow for projects and programmes to specifically target and recruit the private-sector service providers and consultants they wish to work with, because of their expertise and skills, high degree of specialization required for the task at hand, etc.

As IFAD continues accumulating experience with value chain and rural private-sector development, the effect of different types of implementation arrangements, along the spectrum described in this study, will become increasingly important to analyse and understand.

The area of exit planning was one of less clarity. For example, projects such as The Gambia's *Nema* and Mozambique's ProPESCA have been recently launched, therefore exit plans were not yet in place at the time of the study. Bangladesh's FEDEC project could be considered an exit plan from start to finish – the purpose of the project was to supply additional funds for PKSF to recycle to its lenders, which would then be paid back with interest. PKSF has always integrated the projects in its structures. The exit strategy is in-built because project staff in most cases are PKSF staff. Moreover, PKSF started to build a dedicated new unit to handle small and medium enterprises and value chain-related works, as a follow-on to other IFAD-supported projects. Only the Jordan ARMP2 was close to completion and therefore within the window of needing exit planning.

It is open to question what the purpose of exit plans can or should be for different types of projects. Although Paris Declaration tests, such as that of OECD-DAC, look towards government being almost entirely responsible for all project activities as the "gold standard," is this really practical in the context

of many developing countries? Given the sheer range of technical areas in which IFAD provides support, it seems difficult to suggest that a "standard" approach to exit planning can be used to judge projects, just as this study indicates that a "standard" approach to PMUs is not possible to identify or recommend. Given that exit plans are, by their nature, a sustainability tool, they should be considered and built in from design right through to conclusion. Broader sustainability indicators would guide the "exit plan," reducing or removing the need for an exit plan as such, other than as a purely practical management tool to oversee the administrative and logistical aspects of project phase-out.

This leads to two conclusions: the project's M&E system is a vital component of the exit plan; and the level of project complexity will have a significant impact on how (or whether) the project's M&E system can report to what extent sustainability has been achieved. If some components of a project achieve sustainability and others do not, how will the overall project be judged? These are themes that are currently included in IFAD's design approach; this study highlights their importance.



# Conclusions and recommendations

These case studies show that dedicated PMUs are necessary, as they are an effective means of coordinating the implementation of specific, targeted projects. Nevertheless, there are areas of concern that should be addressed during project design, as well as in future reviews of IFAD's overall operating procedures. These areas are highlighted below.

The review demonstrates that, while project management arrangements play an important role in project performance and effectiveness, the aggregate performance of all actors in the project delivery chain appears to be of greater consequence. Thus, while an effective PMU is essential, project delivery might still face problems if the performance of implementation agencies and other stakeholders along the B2B chain is poor.

The range of technical areas, approaches and modalities of project implementation and oversight varies widely in IFAD-supported projects. Accordingly, it was not possible to compile a list of generally relevant PMU criteria, beyond the obvious need for qualified staff and appropriate operational systems. This finding is consistent with findings of other studies of project implementation units (AsDB, 2005). Matching management arrangements to the needs of key implementation partners in the delivery chain is likely to produce a well-functioning management mechanism, particularly if it is based on a sound institutional and organizational analysis and capacity assessment.

There is strong evidence found in IFAD PCRs and performance assessments that a particular type of delivery chain with distinctive types and associations of actors along it has worked best for IFAD's projects with economic goals, and that a different type of chain with other types of actors and the way they associate has worked best for IFAD's projects with social goals. Most notably, where IFAD has sought to mix these – i.e. in projects with both economic and social outcomes – performance has been weakest to a significant degree.

Basic principles or themes for matching project management mechanisms to the overall needs of key implementation partners in the delivery chain may include some or all of the following steps or activities:

- **Institutional assessment of key actors in a project delivery chain** using IFAD's *A Field Practitioner's Guide: Institutional and Organizational Analysis and Capacity Strengthening*. This should assess strengths and weaknesses in strategic oversight and project management capacity, taking into account the particular country context.
- The institutional assessment should also examine the entire delivery chain to identify the most appropriate institutional and organizational combinations for the achievement of economic and social outcomes.
- **Assessment of management and expertise requirements for each type of project, its delivery mechanisms and its expected**

**outcomes (i.e. economic or social).** For example, a project to be largely implemented by contracted organizations such as NGOs or the private sector will require high-quality tendering, contracting, contract enforcement/management and M&E skills. A project to be delivered through government may require expertise in governmental procurement and financial systems, etc. Rural finance projects are likely to have specific requirements depending on the nature of each particular project.

- **Capacities and mechanisms already in place should be considered for inclusion as part of the project management mechanism.** Depending on circumstances, it may be better to use an existing sub-optimal organization and build up its capacity, rather than create an entirely new management mechanism.
- **Assessment of project complexity,** which has major implications for management mechanisms. Complex projects may need to consider distributed or decentralized management mechanisms, placing emphasis on coordination and communication. This should be included in the project's capacity-building plans.
- **Assessment of the relative compliance with the Paris Declaration across various project aspects.** A PMU arrangement may be relatively compliant even if it does not meet every single Paris Declaration indicator. For example, if in-country procurement systems are known to be weak, they could be replaced with parallel systems. Providing other Paris Declaration indicators are met, the overall management mechanism would remain compliant, while achieving better effectiveness.

Neither the socio-economic status of a country, nor the project type to be implemented there appeared to be a good predictor of the effectiveness of a PMU. Some LICs and FPCs showed examples of well-performing PMUs,

while some MICs had examples of poor performance. In addition, no real alternatives to PMUs were offered or noted by case study respondents. While this is not in itself conclusive, it nevertheless highlights the importance of the overall "terrain" of the delivery chain as worthy of design time and attention. PMUs – or whatever management arrangements are deemed the most appropriate for a specific project or country – should fit this terrain, not vice versa.

It was noted that government systems can significantly affect PMU performance. If a project/PMU is compelled to use an ineffective system, its performance would naturally be less effective in the concerned area. Overcoming this constraint by establishing a parallel system might create an area of potential conflict with the Paris Declaration. Nevertheless, a PMU can be deemed generally compliant with the Paris Declaration even if it does not meet all compliance indicators, as discussed earlier.

The need to strengthen strategic oversight, leadership and quality control is a theme that came up more than once. In terms of project management, this is an area that requires concerted and appropriate response. Notwithstanding the fact that strategic oversight of projects is not entirely within IFAD's control or sphere of influence, a package of technical assistance and capacity-building for SCs (or other strategy guidance bodies) is recommended.

Project complexity was found to be a factor constraining the provision of effective management services in more than one project. The more components and stakeholders there are to manage, the greater the management and liaison burden. Although this study was not able to investigate this area in detail, it might be a case of diminishing marginal returns, whereby allocation of more management resources might be unable to keep up with the range and intensity of management effort required.

The IFAD PMUs involved in this study were generally compliant with the Paris Declaration, or at least adhered to it as much as was possible. Although compliance indicators give plenty of scope for debate and discussion, this study concludes that generally the PMUs would not be considered “parallel” under the Paris Declaration. It should also be noted that the PMUs are not “implementation” units. None of the PMUs studied were responsible for the actual implementation of project activities; instead, they were tasked with the overall management, coordination and supervision of these activities. Overall, the PMUs demonstrated a “good” level of compliance with the principles of the Paris Declaration.

IFAD PMUs were found to be strongest in relation to the following compliance indicators:

- Accountability to government rather than IFAD;
- Staff appointment or recruitment;
- Use of government systems;
- Perceived availability of PMU staff to government on project completion.

They were found to be weakest in terms of:

- Use of national auditing systems;
- Application of salary and benefit scales that match those of the government;
- Integration of project M&E systems with existing governmental systems. Despite the fact that this was often because governmental systems either did not exist or were not sufficiently advanced, this remains an area of management concern, particularly from a sustainability perspective.

Super-PMUs too had areas of strength and weakness from the perspective of effective management arrangements. In terms of strengths, they were reported to facilitate administration and logistics, particularly where they had well-respected and knowledgeable directors. Their weaknesses, however, are of great concern. Sustainability is a major one, given that they are funded by IFAD. The question “what will

happen when/if IFAD support declines or ceases completely” was beyond the scope of this study. The CNPPF in Mali and the CPCU in Gambia appeared to have weaknesses in relation to knowledge management, although in the latter case these were now being addressed with IFAD’s support. There were also some perceptions of super-PMUs being an unnecessary management layer, regardless of their apparent strengths. Although not a definitive conclusion, this study indicates that there are enough question marks over the purpose and performance of super-PMUs to make it an issue worth investigating in more depth.

In terms of scaling up, many of the projects studied were in fact already scaling up their activities geographically, technically or population-wise. All of them were doing so with additional support from IFAD.

According to the case studies, an area of strength for IFAD’s scaling-up agenda was in the field of environment and natural resource management. These components were generally perceived to be going well, or at least to have the capacity to produce good and interesting results, even if the projects encountered some challenges. The policy/political space was also considered to be a strength, given the projects’ overall positioning and the approaches being taken. These were considered to be either successful or able to influence policy in their respective fields.

The fiscal/financial space was most often identified as the weakest area. The question of government capacity to continue with or expand the approaches used by the projects was beyond the scope of this study, but remains pertinent and important. It was also of concern that the institutional/organizational/human resources capacity space was not stronger, even if it did not appear weak. Enough concerns were raised among projects to indicate that this is an area that requires close future attention, as well as integration of capacity-building and close follow-

up into strategic, management and technical areas. These concerns particularly revolved around strategic oversight, as well as project planning and M&E skills. The scaling-up agenda requires the necessary technical and management capacities to be in place to support wider, deeper or different technical engagement. It also needs to assess and ensure the adequacy of capacities of delivery agents and other stakeholders, such as NGOs, the private sector, etc.

The study makes the following recommendations regarding management mechanisms and other themes:

1. Although IFAD maintains a focus on ensuring that the most effective and appropriate management mechanisms are in place, this focus should be expanded to cover the overall project delivery chain in order to ensure overall project performance. This should include more thorough analysis of all potential implementation partners during COSOP and project design. Management mechanisms need to be designed to fit the terrain of all actors in the program/project delivery chain, not vice versa.
2. Strategic leadership, oversight, quality assurance and systemic support should be strengthened through focused technical assistance and capacity-building aimed at the appropriate institutions, such as SCs. Furthermore, SCs should be capacitated to focus on systemic implementation and supervision support early on during project implementation, covering both project management arrangements and delivery agent performance. While this should familiarize the SCs with the day-to-day issues, it should also enable them to understand and better focus on the strategic-level requirements needed to deliver better results on the ground. Care should be taken, however, that SCs do not end up focusing too much on details and neglect to provide strategic guidance when required.
3. The terms of reference and implementation modalities of SCs or other strategic-level bodies should be reviewed. All parties must be committed to ensuring that appropriately senior executives with decision-making powers regularly attend SC meetings. Delegation of attendance at SC meetings to junior staff or those without decision-making power or responsibility should be monitored and reported. Regular breaches of the attendance guidelines should be tied to appropriate and effective sanctions.
4. Project complexity and the number of stakeholders should be considered at the project design stage with the aim of producing less complicated projects that are both effective and easier to manage.
5. The institutional, organizational and individual capacities of key stakeholders should be assessed as part of the overall review. This can and should include delivery agents, the private sector and NGOs, rather than be restricted to government or project mechanisms.
6. The institutional and organizational analysis for each project should consider the scaling-up agenda. It should identify the required managerial capacities, systems, changes in rules/bylaws/norms and organizational relationships (public and private) that would be needed to scale up a proven technology/approach. It should also identify phases which should be pursued to develop these capacities. Identified gaps should be addressed in capacity development plans and monitored during the implementation of the latter.
7. IFAD should continue to align its project management mechanisms with the principles of the Paris Declaration as much as possible. However, project designs should take into account that, in some cases, forcing projects to use ineffective government systems in order to comply with Paris Declaration

guidelines might produce unnecessary negative outcomes. The Paris Declaration principles should, therefore, be applied objectively. If some areas do not entirely meet these principles, it becomes more important to ensure that other areas demonstrate strong compliance.

8. IFAD should aim for its PMUs to score at least “good” on the Paris Declaration compliance scale, while bearing in mind the strengths, weaknesses and mixed themes identified in this study. Alternatively, it could institutionalize the OECD-DAC test and aim for its PMUs (and projects generally) to score at least “partially integrated,” with the aim of scoring “mainly integrated” as the upper standard.
9. Super-PMUs should be further researched to determine whether they: (a) are a useful management layer; (b) represent good value for money; and (c) are likely to be sustainable; among other considerations.

It is recommended that IFAD consider generating the following knowledge products as a follow-up to this study:

- **Good practice of strategic guidance and the impact/effectiveness of strategic guidance mechanisms such as SCs.** This should aim to identify: (a) key factors that either enable the provision of quality strategic guidance or militate against it; (b) types of strategic guidance mechanisms that work best for various country and project contexts; (c) case studies of best practices and significant challenges; (d) clear areas for strategic oversight versus day-to-day management, in order to guide SCs regarding their roles and enable appraisal of their performance.
- **Generic capacity-building curriculum, approach and relevant tools** to enable standardized and high-quality capacity-building of strategic management mechanisms for future projects.

- **A further baseline analysis to determine the direct and relative significance of B2B and PMU issues in relation to the quantitative ARRI scores on key performance criteria,** using PCRs as data sources. A better understanding of root and dominant factors affecting performance would enable IFAD to engage in a dialogue regarding key challenges at a level most relevant to IFAD’s Senior Management, as well as to ensure that these challenges are appropriately addressed in delivery and institutional arrangements, building on lessons of strong performance and tackling issues of weaker performance across its portfolio.

Furthermore, the *Sourcebook on Institutional and Organizational Analysis for Pro-Poor Change* should be used during the project design stage to assess the B2B chain as a basis for making recommendations regarding project management arrangements. This should result in the following outputs:

- Better institutional/organizational design of programmes/projects
- Documentation of good practice, highlighting how analysis was conducted, and lessons learned about the process and its effectiveness
- Learning event for staff involved in project design, including CPMs and CPOs, and other stakeholders
- Policy brief to promote mainstreaming of the approach and related tools.



# Annex 1

## Approach paper

Study into effective project management arrangements for smallholder agriculture

### Background

IFAD's Strategic Framework for 2011–2015 recognizes that many developing countries face challenges in reducing poverty and achieving food security. Meeting these challenges requires broad support for sustainable agricultural intensification through appropriate policies, programmes and investments that enable small-scale farmers – women and men – to increase their productivity and cope with the demands of a changing world.<sup>22</sup>

In order to achieve this vision, IFAD requires a range of effective and innovative implementation approaches that meet the needs of its target groups, clients, country contexts and technical subject matter. Recent evaluative and analytical work carried out by IFAD has underlined the complexity of the environments within which IFAD works, as well as the challenges of designing and implementing pro-poor agricultural programmes in countries that differ markedly from each other.

These reports and IFAD's 2012 Annual Report on Results and Impact (ARRI) recommend further assessment to understand the causes of good and not-so-good performance, as well as investigate project management mechanisms in the light of differing institutional, country and thematic contexts. There is thus the need to take stock of the impact of different project implementation mechanisms on performance and to identify innovative and effective methods of delivering pro-poor agricultural projects and programmes.

### Rationale

The Synthesis Report<sup>23</sup> on applying the concepts of the *Sourcebook on Institutional and Organizational Analysis for Pro-Poor Change: Meeting IFAD's Millennium Challenge* concluded that further investigation into implementation mechanisms was required. It identified the following variables that needed to be assessed with regard to implementation arrangements:

- Suitability to overall country institutional and organizational context;
- Suitability to the country socio-economic and political circumstances, particularly whether the country is politically fragile or recently post-conflict (FPC); is a low-income or less-developed country (LDC); or a middle-income country (MIC);
- Suitability to different subject themes of IFAD work, for example value chains, natural resource management and rural finance;
- Suitability for promoting food security as well as facilitating the scaling up of successful elements.

The issue of the socio-economic/political circumstances of the country is particularly relevant to implementation arrangements. Countries that are FPCs from the political viewpoint present additional challenges to the implementation of successful projects and programmes. Governance and implementation capacity in such countries are sometimes weak or even effectively non-existent. Corruption can also flourish. While the Paris Declaration

22. IFAD Strategic Framework 2011–2015, Rome

23. Strengthening pro-poor institutions and organizations: A synthesis of lessons learned from a field application of IFAD's *Sourcebook on Institutional and Organizational Analysis for Pro-Poor Change* (prepared by PTA in November 2012 and to be published soon)

may call for aid- or donor-funded projects not to set up parallel management systems, in these circumstances a “strategy of temporary substitution” makes sense and may also be in line with a government’s own policies. While this may be the case, the impact of project management arrangements on sustainability and scalability must also be taken into account. This applies to both the sustainability of the project’s overall outcomes and impacts, but also to the sustainability of the management capacity and experience generated by the project management (PM) arrangements. Even within post-conflict countries, there can be pockets of efficiency, such as well-functioning organizations or institutions at the micro level. Project implementation mechanisms thus need to be creative in order to both shield the project and IFAD from the potentially negative effects of management ineffectiveness and/or corruption, but also to take advantage of existing capacity.

MICs present different implementation challenges. In these countries, the organizational or institutional weaknesses may be less pronounced than for LDCs, although there is, of course, a continuum within and among such countries. Many MICs have made considerable efforts in the last decade to establish enabling conditions for greater participation in economic and development processes. These are not necessarily complete, nor are they necessarily at the same stage in each country. However, there has been observed, in many places, the rising importance of markets and the private sector as additional driving forces in the development landscape. In MICs, the influence of these actors has often reached a more substantial level than in LDCs. Implementation approaches in MICs are thus likely to require a wider focus than IFAD’s traditional partnership with governments

or NGOs, as well as greater concentration on dialogue, technological engagement and policy advice or support. Nevertheless, care is still required. Project delivery systems must be intelligent and flexible enough to be situated within the specific context of each country, regardless of whether they are considered LDC or MIC (in itself a slightly artificial distinction, given the continuum of development characteristics displayed by different countries, regardless of their income status). They should also plan for and allow a transition towards decentralization, policy dialogue and capacity-building as required.

Furthermore, in order to enhance the likelihood of achieving the development objectives of a project, the delivery modalities and corresponding institutional arrangements need to be aligned with such goal systems.<sup>24</sup> A livelihoods support project needs a different institutional delivery set-up than a typical value chain project.

Over the past decade, there has been much debate over the use of Project Management Units (PMUs)<sup>25</sup> in all their forms<sup>26</sup> as a mechanism for assuring project implementation.<sup>27</sup> The debate has revolved around:

- Whether PMUs are as efficient and effective as supposed;
- Whether they help build capacity, simply substitute for it, or even drain capacity from developing country governments;
- What is their impact on or contribution to project ownership, sustainability, scalability, morale of project versus non-project staff, and salary structures; and
- Whether or not they are justifiable in the light of debates over donor harmonization and the Paris Declaration commitment to avoid dedicated structures for day-to-day management of aid-financed projects.

24. Initial keys to unlocking an improved performance of water interventions within IFAD projects, Andy Bullock, March 2013.

25. PMUs are also known as Project Implementation Units (PIUs), Project Coordination Units (PCUs) and by various other terms that usually encompass a similar set of tasks and responsibilities. The acronym “PMU” will be used throughout this Approach Paper.

26. See annex 2 for examples of implementation modalities and beneficiary institutions (Source: Bullock, March 2013).

27. For example, see AsDB (2005), *The Role of Project Implementation Units*, Operations Evaluation Department, Manila.

The Paris Declaration explicitly commits donor organizations to minimizing the number of parallel project management systems that are put in place. Many of these parallel systems are associated with PMUs. Nevertheless, most IFAD partner countries use some form of PMU to implement IFAD-supported projects and programmes. This arrangement is put in place with good intentions, such as to enable PMU staff and service providers to access uninterrupted financing, provide well-maintained facilities and circumvent bureaucratic barriers. In addition, it makes it easier to satisfy IFAD's fiduciary standards.

However, IFAD has also recently noted the need to review the role and use of PMUs in line with the Paris Declaration principles. In addition to the country context and general PMU issues above, IFAD project and impact evaluations have uncovered multiple examples of PMU arrangements that both do and sometimes do not contribute to generalized expanded management capacities. The sustainability of project outcomes and impacts and scalability of approaches that are implemented with PMU arrangements is thus an area that needs extra attention. In addition, there is the perception that financial support to programme/project management that is embedded in IFAD's loan and grant financing may be more effectively used with alternative management arrangements, rather than PMUs.<sup>28</sup>

Research indicates that, among many donors and development actors, including IFAD, there are a wide variety of management approaches, some of which are PMU-based, some of which are not. Given that IFAD has not yet conducted a portfolio-wide study specifically on project implementation mechanisms for successful interventions and scaling up, a review will be undertaken of efficiency,

effectiveness and innovative methods of ensuring satisfactory project and programme implementation. This will look at both PMU- and non-PMU-based approaches.

## Objectives and framework

### Objectives

The objective is to scout for, investigate and document efficient and effective delivery arrangements used by IFAD projects in the MICs, LDCs and FPC country contexts.

The sub-objectives are to:

- i. Identify innovative implementation arrangements that enhance market-oriented smallholder agriculture in different country contexts; and
- ii. Contribute to the in-house process of learning to enable the design of appropriate project institutional and organizational arrangements for delivery and scaling up of IFAD-supported interventions.

### Approach

IFAD has not investigated the nature of its project management arrangements in detail and there is little published guidance on how they are designed and implemented. Other than for the water sector in IFAD, there is no database of the kinds of PMUs<sup>29</sup> or other management arrangements that are put in place, how much they cost, how they vary with country context or subject matter (e.g. community development, value chain, environmental goods, others) and their impact on project or programme implementation, capacity-building, sustainability or scalability. While it is clear that project management quality and institutional arrangements matter, the role and impact of management arrangements within this overall management context is not clear. The objective of this study is thus to

28. In IFAD's water interventions, a first approximation of an initial set of tools and approaches to defining the 'most suitable fit' between development objectives and delivery modalities and concurrent institutional arrangements has been undertaken recently. Further development of the corresponding knowledge products under this study is envisaged.

29. PMUs as in the wider definition offered earlier in the main text.

identify management arrangements (PMU-based and others) and analyse their relationship to implementation efficiency, effectiveness, sustainability/scalability, and capacity development. Drawing on various sources – for example, recent studies into goals systems, delivery mechanisms and institutional arrangements undertaken for IFAD’s water-related investments – it will identify and document “best bet” practices relating to the socio-economic profile, country context, sector and type of client, and technical subject matters.

The case study approach outlined below was constructed drawing on the objectives of the study, areas of concern identified from previous IFAD analytical reports and research carried out by other donors, principally the World Bank, the Asian Development Bank and the European Commission.

### Method

The investigation will take a case study framework to purposively identify “rich” or interesting cases that highlight or illustrate criteria of interest. The sampling method will be a blend of criteria sampling (using the approach above) and chain, peer or snowball sampling. Chain sampling is where a group of knowledgeable people (e.g. IFAD CPMs) recommend cases for assessment. These will then be assessed against the criteria of importance until a fundamental group of cases is identified.

Using a range of instruments, evidence will be drawn from three sources:

- i. Internal and external databases and documents as indicated above in the framework;
- ii. Meetings and discussions with IFAD CPMs and other knowledgeable staff and consultants; and
- iii. Field visits to selected programmes and projects in partner countries, as well as meetings with other donor and agency staff.

Independent evidence will be used wherever possible. Although direct observation is a much more expensive source of evidence than the others,

it is indispensable. There is no other way of forming an independent and credible view of selected IFAD projects in their client countries than to take the time to visit their projects and to speak to their partners and the people they seek to help.

The study will be largely qualitative, given the highly complex nature of the questions and circumstances being investigated, as well as the resource limitations. The following methods within a case-study approach are likely to be prioritized:

- i. Document review and analysis.
- ii. Key informant interviews with semi-structured interview questionnaires. These may be supplemented with a survey-style rating scale approach if required, for example to collect interviewee impressions of certain key characteristics, attributes or questions that can be determined in advance. The interviews may include a component of “most significant change or event” questions to collect stories of major impacts and learnings.
- iii. Focus groups. A group of knowledgeable people will be purposively chosen to discuss elements of the framework above to elicit areas of general agreement and disagreement, as well as participate in the chain sampling to generate cases for study.

All of the methods above are subject to limitations on the ability to generalize from the findings. Nevertheless, the evaluators will apply standards of utility, feasibility, propriety and accuracy that should allow for, at the very least, a framework for insights and guidance.

The main activities and outputs are as follows:

- i. **Development of an approach paper (this document) and inception note** sharpening the hypothesis of the market for IFAD business lines. This will include selection of projects and desk analysis of implementation approaches adopted by IFAD and non-IFAD projects. The focus

will be on those that are innovative, effective, efficient and relevant to the country contexts, and are worth analysing, not least, for the potential they provide to scaling up IFAD operations. There will be a discussion about delivery arrangements that are recording evidence-based success in facilitating pro-poor value chain development, sustainable/efficient management of natural resources (including small-scale irrigation/water-related schemes) and rural finance. With regard to MICs, innovative mechanisms will be identified that encourage private-sector driven commercialization of smallholder agriculture, as well as other instruments such as the Reimbursable Technical Assistance (RTA) mechanism.

- ii. **Field validation.** If necessary, join supervision/implementation missions or visit selected IFAD projects and/or non-IFAD projects identified through the desk analysis to collect additional information, validate the preliminary desk findings and assumptions, and assess their suitability/efficiency/effectiveness for replication/adoption in IFAD's projects.
- iii. **Synthesis.** Synthesis and documentation of identified effective and efficient implementation arrangement options. The focus of the synthesis will be on project coordination and management skills and processes, service delivery systems; approaches to farmers' institutional and organizational strengthening; building public-private partnerships; and mapping institutional and organizational change. With regard to project performance, important elements relate to delivery efficiency of implementation arrangements, including: (a) quality and efficiency in the use of staff; (b) the economics of investing in management skills (the

rate of return for investments in project management per costs of total project); (c) efficiency of processes (problem-free project management and timeliness in achieving outputs within set budgets); and (d) effectiveness in achieving targeted outcomes.

- iv. **In-house seminar.** Although the knowledge products will be developed in partnership with relevant in-country programme management teams, the seminar will be organized to inform relevant IFAD staff about the products as well as share experience on their application. This will entail showcasing project design options for effective, efficient and replicable implementation modalities, as well as feedback from key stakeholders.
- v. **Development of knowledge products** and cornerstones of IFAD delivery modalities for programmes and projects in MICs, LDCs and FPCs. This is particularly urgent, not least to ensure that IFAD support to strengthening institutions increases performance in terms of the extent to which the effects of support actually prompts institutional change. The products will be about what works and why. The knowledge products, which will be based on IFAD experience and experience of other donors, will be available for use by country programme management teams and in-country implementation partners, and will include policy briefs for MICs, LDCs and FPCs, guidelines and case studies.

### Dissemination and learning

This study is being conducted in order to produce insights and provide guidance to IFAD staff and consultants when considering project and programme management structures as part of COSOP or project design processes. Communication and dissemination are therefore critical aspects.

**Table 3: Study approach and criteria**

Case Study Domain	Key Criteria (tentative, to be elaborated further)	Sources of Information
Country context criteria	<ol style="list-style-type: none"> <li>1. Cases from a range of IFAD regions and countries (i.e. not geographically focused)</li> <li>2. Cases from the following socio-economic and political profiles and client types:               <ol style="list-style-type: none"> <li>a. Fragile or recently post-conflict (FPC); Less-developed or low-income (LDC); Middle-income (MIC)</li> <li>b. To what extent do project management (PM) characteristics vary by country and client type?</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>• Review of selected project design, supervision, review, completion and evaluation reports</li> <li>• Country and economic data from World Bank, IFAD databases and/or other donors as accessible</li> </ul>
Project/programme and management characteristics	<ol style="list-style-type: none"> <li>1. Cases from a range of different project or goal systems types: NRM; rural water; value chains; rural finance; combinations.               <ol style="list-style-type: none"> <li>a. To what extent do PM characteristics differ by type of project/programme?</li> <li>b. To what extent do PM characteristics differ by goal system?</li> </ol> </li> <li>2. Costs of PMU and other PM arrangements where feasible.               <ol style="list-style-type: none"> <li>a. To what extent do these costs vary by country type and project type?</li> <li>c. What is the proportion of PM costs versus overall loan/grant amount? Does this represent an “acceptable” level compared with other agencies, donors, management arrangements?</li> </ol> </li> <li>3. Stand-alone; embedded; integrated.               <ol style="list-style-type: none"> <li>a. To what extent do these characteristics vary by country type and project type? To what extent are PM arrangements driven by country policy?</li> <li>b. What are the major perceived differences?</li> </ol> </li> </ol>	<ul style="list-style-type: none"> <li>• Discussions with IFAD and other agencies</li> <li>• Interviews and discussions with CPMs and financial staff</li> <li>• Field visits and discussions with partner government officials and project staff</li> <li>• Financial data from Controller's and Financial Services Division (CFS)</li> <li>• IFAD thematic, annual and portfolio review reports</li> <li>• Impact studies and project performance audit reports</li> <li>• Reports on project management, PMUs and other arrangements from other donors / agencies</li> </ul>
Project results	<ol style="list-style-type: none"> <li>1. Cases from very good and challenging projects               <ol style="list-style-type: none"> <li>a. To what extent is PM type related to achievement of good project results?</li> </ol> </li> <li>2. Cases of innovative, efficient and effective arrangements.</li> <li>3. Effect of PM arrangements on capacity-building: built; not built; remains with government/implementing partners; “drains” to private sector or other.               <ol style="list-style-type: none"> <li>a. To what extent was PM set-up designed to be a capacity-building input?</li> <li>b. What capacity-building strategy was in place?</li> <li>c. What capacity-building activities took place?</li> <li>d. Were they effective?</li> <li>e. To what extent has the sustainability of management capacity been promoted or achieved by the project?</li> </ol> </li> <li>4. Sustainability/scaling up: sustainable/less sustainable; project was scaled up/was not scaled up.               <ol style="list-style-type: none"> <li>a. To what extent is PM type or effectiveness related to sustainability of project results and scaling up?</li> <li>b. To what extent was sustainability or scaling up considered during the design of the programme management mechanism?</li> </ol> </li> </ol>	
Country and project staffing set-up	<ol style="list-style-type: none"> <li>1. Country policy on PM arrangements.</li> <li>2. PM staff approach: hired; contracted; appointed from within government; blend.</li> <li>3. Salary structure and incentives such as top-ups: allowed/not allowed; salary increases for PM staff/standard salaries.</li> <li>4. PM staff turnover.               <ol style="list-style-type: none"> <li>a. To what extent is this criteria related to the achievement of project results and/or sustainability?</li> <li>b. How were these factors dealt with in the set-up of management arrangements?</li> </ol> </li> </ol>	

The team will prepare a profile for the overall study. This will contain a synthesis of the main findings and recommendations, including the detailed case studies. Three policy briefs will be published, as will a synthesis of lessons learned from the case studies. Guidelines for institutional and organizational design will accompany the policy briefs. An in-house seminar, to be attended by key IFAD staff and consultants, will take place to disseminate the information and stimulate debate and discussion.

Immediate clients will be IFAD country programme managers (CPMs), country presence officers, project managers and implementers, technical advisers, and consultants involved in design and implementation support of IFAD projects. The indirect clients will be smallholder farmers targeted by IFAD projects.

### Study team

To be facilitated by the Institutions and Organizations Team in PTA, the study will be led by Mr Matthew Pritchard in conjunction with Dr Andy Bullock (other team members to be identified).

### Schedule

The consultant team will prepare and submit a joint implementation schedule and timeline, providing intermittent feedback moments acceptable to the Institutions and Organizations Team in PTA. This timeline is not to surpass June 2014.



## Attachment I

Tentative dimensions of study – project management (PM) arrangements to investigate

- Type of PMU/management arrangements
  - Stand-alone
  - Embedded, semi-autonomous, “super” PIU
  - Fully integrated
- Accountability
  - Accountable to IFAD, government or non-government body?
  - Lines of authority? Who has the “real” or final say?
  - Composition of steering groups, technical committees, etc.
- Hiring and staff make-up of PMU
  - What are government regulations about staffing, hiring, salaries? Do government regulations specify management arrangements for donor- or loan-funded projects?
  - To what extent are government policies on staffing implemented in practice?
  - Who sets the terms of reference (TOR) for PM staff: IFAD, other donors, government?
  - Nature of hiring: competitive process; government appointment; government hiring; IFAD appointment; mixed
  - Staff make-up: government staff only; private-sector/non-government staff only; government staff must resign or take unpaid leave; mixed
  - What happens to government staff after the project ceases or integrates? What happens to private-sector/NGO staff?
  - Was there evidence or perceptions of the project competing for qualified management staff with government?
  - Were there staffing problems facing the project – e.g. turnover, low morale, low-quality staff, etc.? If so, what impact did this have?
- What strengths were evident as a result of the staffing approach?
- Any unexpected outcomes?
- Salary and conditions
  - Standard government terms entirely
  - Standard government salaries, but additional salary top-ups
  - Standard government salaries, no salary top-up, but additional expenses allowed (specify)
  - Mixture of government and private-sector (or NGO) salaries (provide justification)
  - Private-sector-level salaries throughout; how much higher than government-sector salaries?
  - Strengths and weaknesses of adopted approaches? Any unexpected outcomes?
- Project context
  - Complexity of project
  - Size of project
  - Technical area/project theme
  - Decentralization policy of the government (where was PM needed most?)
- Scalability and sustainability
  - Was there a scalability or sustainability strategy?
  - If so, to what extent was it different from the capacity-building approach or exit strategy? If not, why not?
  - If so, to what extent was it implemented?
  - Any unexpected outcomes?
- Capacity-building approach
  - Did PM arrangements have a specific agenda or plan for own capacity-building (distinct from capacity-building for beneficiaries, such as farmers, extension workers, etc.)?
  - If so: (a) was this plan implemented; (b) was it effective; (c) to what extent did it contribute to sustainability?

- How did this relate to circumstances where most of the PM staff were external to government (also see below under Exit or integration strategy)? Were external staff re-hired by other PMUs, or do other work for government? (Note: in a country like the Philippines, with a well-developed local consulting industry and a government policy that generally supports outsourcing, capacity-building of non-government staff that go on to work for consulting companies is regarded as legitimate, whereas in other countries it might not be.)
- Any unexpected outcomes?
- Project efficiency and effectiveness
  - How effective/efficient was the project (costs, outputs, outcomes, impacts)?
  - How much of this can be attributed to the nature of the project management mechanism?
  - Were there strengths that were attributed to the type of PM?
  - Were there weaknesses that were attributed to the type of PM?
  - Were there other strengths/weaknesses attributed to government staffing rules, TORs?
  - Were there any unexpected outcomes from the choice of PM arrangements?
- Exit or integration strategy
  - Was there one?
  - What did it cover?
  - Was it implemented: at all; properly? What do/did staff, partners and beneficiaries think of it?
  - What happens to government and other staff after the project ceases or integrates: government reabsorbs its staff (or reassigns staff to other projects; promotes; maintains at the same level, etc.); absorbs all PMU staff; private-sector staff return

to the private sector; government staff do not return but go into consulting/private sector (ticket out of government!)

#### Project cycle

- Design stage
  - What does the design document state about government regulations; nature of PM; capacity-building approach; scalability and sustainability approach; exit or integration strategy?
  - Does the design document set the TORs for professional staff? If so, was the government involved? Was reference made to government HR systems and TORs?
  - What are the reporting mechanisms and accountabilities set in the design?
- Implementation stage
  - To what extent did implementation differ from that envisaged in design?
  - What do various supervision reports or mid-term reviews state about the design?
- Completion (if appropriate)
  - To what extent were the various plans completed/implemented?
  - What would stakeholders do differently next time?

#### Documents to review

- COSOP and/or other strategic documents
- Project design documents – drafts and final
- Supervision reports
- Mid-term review (if applicable)
- Other lessons learned/implementation evaluations during the project's life or afterwards
- Project completion report (if applicable)

#### Key informants

- Designated/responsible government officials
- IFAD CPMs
- Project managers
- Other professional/technical staff as required

## Table of contents for case studies

- Country background
  - Recent development history; experience with IFAD
  - Socio-economic profile (FPC, LDC, MIC)
  - Development challenges and approaches
  - Regulations/approach to staffing, hiring, project management
- Project background and characteristics
  - Main objectives and type of project
  - Institutional and governance arrangements
  - Design and implementation process
- Project management characteristics
  - Integration of management arrangements
  - Hiring, staff make-up and conditions
  - Capacity-building approach
  - Strengths and weaknesses
- Effectiveness, efficiency, innovation
  - Project results
  - Relationship of management arrangements/PMU to results
- Scalability, sustainability and exit strategies
  - Nature and extent of planning for scalability, sustainability, exit
  - Results
- Conclusions

## Attachment II

Examples of implementation modalities and beneficiary institutions in IFAD-assisted countries

### Part 1: Implementation modalities of the current project portfolio

- a. Line ministries, involving fund transfers to programme accounts, delegated institutional arrangements and partnerships, etc. - Bangladesh, Egypt, Ethiopia, Gambia, Haiti, India, Jordan, Kenya, Malawi, Morocco, Niger, Philippines, Rwanda
- b. PMU/PMO/PCUs<sup>30</sup> - Burundi, Djibouti, Egypt, Mali, Morocco, Sierra Leone, Sri Lanka, Swaziland, Uzbekistan, Yemen
- c. Decentralized technical units of line ministries - China, D.R. Congo, Ethiopia, Maldives
- d. Local government (e.g. regional administrations or districts) - Eritrea, Indonesia, Laos, Mali, Philippines, Tanzania, Uganda
- e. NGOs, grass-roots organizations (or consortia) under competitive recruitment or direct selection - Bangladesh, Chad, Ecuador, Mali, Mongolia, Nepal, Niger, Yemen
- f. Direct contracting of producer organizations - Nicaragua, Senegal, Sri Lanka, Turkey
- g. Private-sector contracting/outsourcing (local, or international in the case of large interventions) - Guatemala, Sierra Leone
- h. PPPs - Niger, Peru, Uganda, Yemen
- i. New infrastructure development facility - Yemen
- j. Competitive community grants (sometimes PMU-managed, sometimes outsourced), such as Social Development Fund, Social Fund for Development, Watershed Development Fund, Community Investment Fund, Poverty Alleviation Fund (in some cases, responding to existing local development plans, e.g. village development plans, community investment plans) -

30. Including some units to be strengthened by an irrigation specialist, or – in the case of larger interventions – a specialist team.

- Benin, Brazil, D.R. Congo, Gambia, Georgia, Haiti, India, Mali, Mauritania, Nepal, Uganda, Venezuela, Viet Nam
- k. Block grants to local communities - Indonesia, Sierra Leone, Togo
  - l. Matching grants to local communities - Sudan
  - m. Funds through qualified local financial institutions - Republic of Moldova
  - n. On-lending by commercial banks - Syria, Turkey, Zambia
  - o. Equipment financing or cofinancing with farmers - Syria
  - p. Supply chain contracts - Rwanda, Chad
  - q. Belgian Survival Fund grants - Kenya
  - r. Pre-investment financing - Cote d'Ivoire, D.R. Congo, Morocco, Nicaragua
  - s. Risk mitigation (insurance) financing - Uganda
  - t. Instruments identified during project implementation - Malawi
- Ecuador: Territorial community-based organizations
  - Egypt: Branch canal water user associations, district water boards
  - Haiti: Self-managed rural grass-roots organizations
  - India: Water and watershed management committees that are part of the gram panchayats (local self-governments at the village level)
  - India: Self-help groups
  - Kenya: Local community committees
  - Kenya: Water resources user associations
  - Mozambique: Producer organizations
  - Niger: Federation of Unions of Rice Producer Cooperatives; pastoralists organizations such as the Association for the Revival of Breeding in the Niger and Billital Marrobe (network of pastoral farmers); private and public service providers; national NGOs such as Karkara; international NGOs such as CARE, Vétérinaires Sans Frontières, Save the Children
  - Niger: *Groupements de service-conseil* (GSC)
  - Philippines: Irrigator associations
  - Rwanda: Local management committees and community innovation centres
  - Sierra Leone: Farmer-based organizations, inland valley swamp associations
  - Sri Lanka: Farmer organizations
  - Sri Lanka: Farmer organizations and women and youth groups
  - Sudan: Gum Arabic producer associations (GAPAs)
  - Swaziland: Farmer associations, water user associations and their apex body
  - Turkey: Consultation with village populations has usually been only nominal, mostly through the village head (mukhtar). Moreover, progress has been limited in organizing farmers into water user associations or other forms of beneficiary groups capable of assuming an active role in decision-making processes and project implementation.

## Part 2: Examples of community-level organizations

- Bangladesh: Water management organizations, tubewell user groups
- Bangladesh: Beel user groups
- Bolivia: Community-based and territorial organizations and municipal governments, which in turn may be organized into *mancomunidades*<sup>31</sup>
- Burkina Faso: *Les comités et associations d'irrigants et autres organisations paysannes locales*<sup>32</sup>
- Burundi: Swamp user associations
- Cameroon: Water management committees (207 to be put in place and operational)
- Cape Verde: Community associations
- Central African Republic: Producers' organizations
- Chad: Unspecified local institutions
- Congo: Village committees on water maintenance
- D.R. Congo: Producer organizations

31. Associations of municipalities.

32. Committees and water users' associations and other local farmers' organizations.



## Annex 2

### Selected case studies

Country	Project	Country Category	Thematic Focus	Begin/End	Type of Delivery Model
<b>Gambia</b>	Participatory Integrated-Watershed Management Project (PIWAMP) & National Agricultural Land and Water Management Development Project ( <i>Nema</i> )	LIC	<ol style="list-style-type: none"> <li>1. Natural resource management</li> <li>2. Economic enhancement</li> </ol>	PIWAMP: 2006-2014  <i>Nema</i> : 2013-2020	<ol style="list-style-type: none"> <li>1. Ministry of Agriculture (lead agency)</li> <li>2. Central Project Coordination Unit</li> <li>3. PSU</li> </ol>
<b>Mozambique</b>	Artisanal Fisheries Promotion Project (ProPESCA)	LIC	<ol style="list-style-type: none"> <li>1. Natural resource management</li> <li>2. Economic enhancement</li> <li>3. Financial services</li> </ol>	2012–2019	<ol style="list-style-type: none"> <li>1. Embedded within government organization (IDPPE)</li> <li>2. PMU</li> </ol>
<b>Jordan</b>	Agricultural Resources Management Project – Phase II (ARMP2)	MIC (upper)	<ol style="list-style-type: none"> <li>1. Community-driven development</li> <li>2. Natural resource management</li> <li>3. Economic enhancement</li> <li>4. Rural finance</li> </ol>	2005–2015	<ol style="list-style-type: none"> <li>1. Implemented by Ministry of Agriculture</li> <li>2. PMU</li> </ol>
<b>Bangladesh</b>	Finance for Enterprise Development and Employment Creation Project (FEDEC)	LIC	<ol style="list-style-type: none"> <li>1. Rural finance/microenterprise lending</li> <li>2. Economic enhancement</li> <li>3. Value chain</li> </ol>	2008–2014	<ol style="list-style-type: none"> <li>1. Overall implementation delegated by government to PKSF, a quasi-autonomous non-governmental organization</li> <li>2. PMU</li> </ol>
<b>Mali</b>	Coordination Nationale des Projets et Programmes FIDA au Mali (CNPPF)	LIC	N/A – the CNPPF is a super-PMU designed to coordinate certain management tasks for all IFAD-supported projects	2004–present	<ol style="list-style-type: none"> <li>1. CNPPF is a government-sponsored liaison office, put in place to coordinate five IFAD-supported programmes and to promote dialogue and lesson-learning</li> </ol>

## Annex 3

### Case study basic project data sheets

#### Gambia, PIWAMP/*Nema*



#### Goal and objective

The overall goal of the *Nema* project is to reduce poverty of rural women and young people. The development objective is to increase incomes from improved productivity based on sustainable land and water management practices.

#### Components

1. Watershed development, which aims to improve productivity of agricultural land. This will be achieved through public economic infrastructure, including water control structures, access roads and markets.

2. Agricultural commercialization, which aims to increase profitable primary production and the supply of support services such as mechanical land preparation, rice milling and transport by both youth-led enterprises and producer organizations.
3. Project facilitation, with a Project Support Unit established under the auspices of the Central Project Coordination Unit within the Ministry of Agriculture (MoA). This will be responsible for project management, and also to build up the Government's internal capacity to plan, monitor and evaluate investments and interventions in the sector.

### **Borrower to Beneficiary chain composition**

#### **Financing organization(s)**

The total funding is US\$65 million, of which IFAD funding represents 53 per cent. Concessionary loans from Islamic Development Bank and one or more other development partners would make up the rest.

#### **Borrowing entity**

Government of The Gambia

#### **Executing body**

MoA, under the direction of its Central Project Coordination Unit (CPCU)

#### **Lead ministry/department**

As above

#### **Oversight/quality control structure (e.g. SC)**

The design envisages a project SC to be co-opted, which would include a number of stakeholders, such as the Ministry of Youth and Sports, representatives of farmers' organizations, women and the coordinators of closely related ongoing projects. The Project SC would approve Annual Work Plans and Budgets (AWPBs), Procurement Plans and the Project Implementation Manual, and ensure that project operations are on track.

### **Project management/coordination structure and composition**

The CPCU is intended to support all mainstream agricultural development projects and programmes. The unit will play a coordination role to strengthen the effectiveness of these programmes through a focus on planning and coordination mechanisms at all levels, including overall guidance to link AWPB processes and outcomes. Its major duties are to:

- Prepare a consolidated AWPB and progress reports for all projects and programmes;
- Design and implement a national knowledge sharing and communication strategy, and eventually a Gambian Agricultural Information Management System;
- Ensure the timely execution of key studies, mid-term reviews and other reports; and
- Participate in project design, supervision, review and evaluation missions, among other duties.

The project is managed by a Project Support Unit (PSU) which is embedded in the PIWAMP management structure within the MoA/CPCU. Thus *Nema* will be managed concurrently by existing PIWAMP staff. These staff will then be integrated into the *Nema* PSU once PIWAMP ends in 2014, with additional staff being hired as necessary. The PSU is intended to be integrated to the maximum extent possible with national and decentralized processes and decision-making mechanisms.

**Implementing agencies** (e.g. government departments at local level, NGOs, private-sector organizations, etc.)

The key implementing partners in the public sector comprise technical services within the MoA. The potential private service providers, including members of the Association of Gambian Horticultural Producers and Exporters

(GAMHOPE) and NGOs, have expertise and facilities that offer opportunities for collaboration with partner organizations (POs) as vegetable and rice off-takers (Concern Universal [CU], Gambia Horticultural Enterprise [GHE], National Coordinator Organization of Farmer Associations [NACOFAG]), in the use of cold storage facilities (Action Aid The Gambia [AATG], NACOFAG, CU) and in farmer field schools (NACOFAG, National Women Farmers Association [NAWFA]). Memorandums of Understanding between providers and POs would be established on agreed services.

In the case of the youth-focused irrigated and market-oriented vegetable schemes, contracts would be signed with GHE to provide both forward and backward linkages for the graded quality produce. This arrangement would be piloted and scaled up following satisfactory contractual performance between the parties. The youth *kafos*<sup>33</sup> could then progress to exploit export opportunities based on the GHE ongoing horticultural exporting business. GHE would also be a key partner in mentoring and supporting willing and interested youth *kafos* to become agro-dealers.

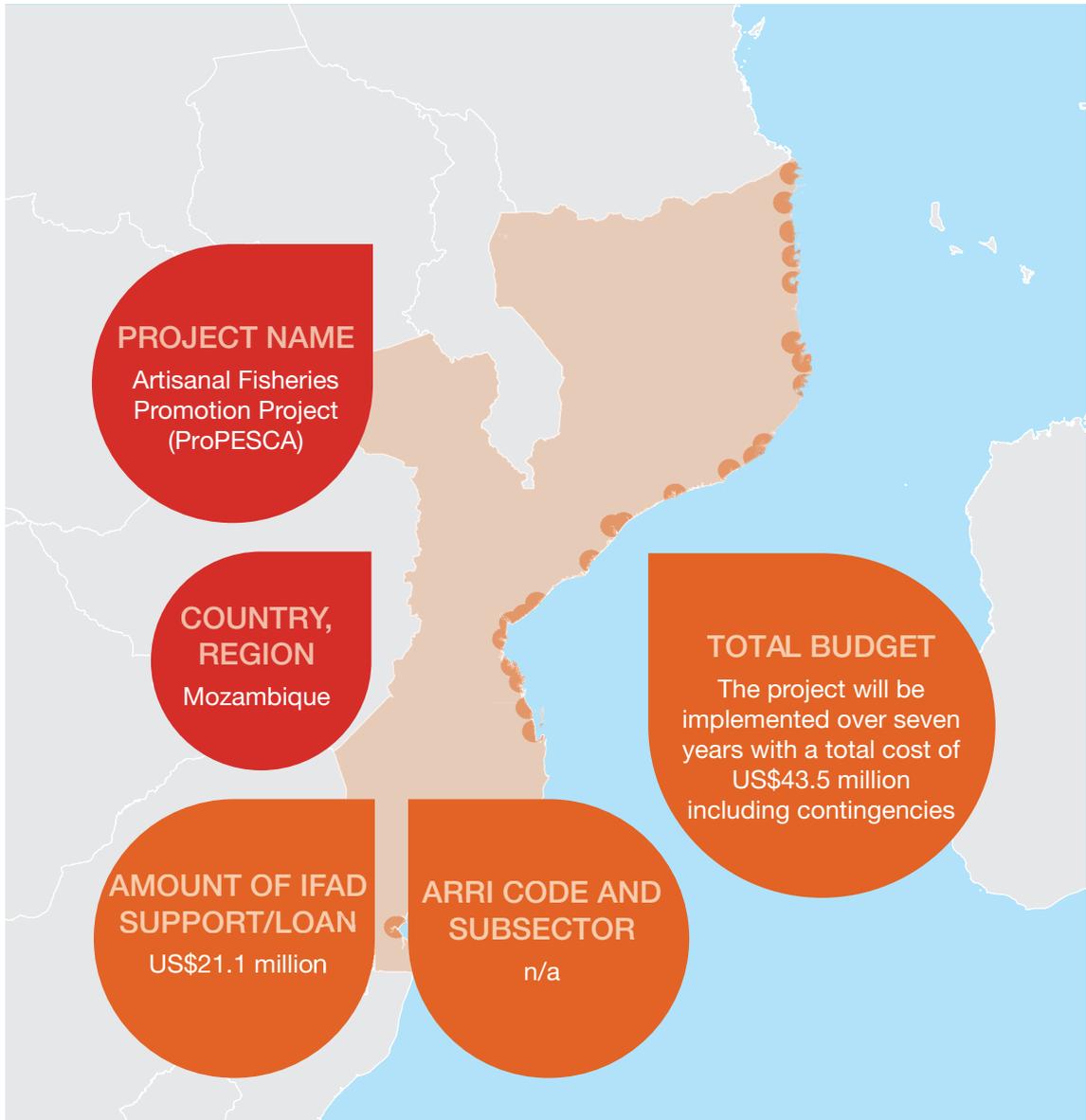
### **Beneficiary organizations**

#### **Direct beneficiaries**

The project is designed for poor smallholders, predominantly women engaged in vegetable and rice production. In addition, rural youth – both females and males under thirty years of age – will be targeted for inclusion in market-oriented production and (mainly) value-addition initiatives in response to increasing demand for technical services.



## Mozambique, ProPESCA



### Goal and objective

The project's goal is to improve incomes and livelihoods of poor households involved in artisanal fisheries in the selected growth poles. The development objective is to increase the returns from fish sales for artisanal fishers and small-scale operators on a sustainable basis. There would be two main outcomes: (i) increased catch of higher quality fish in coastal areas of selected growth poles; and (ii) increased value of fish traded from the artisanal sector in coastal areas of selected growth poles.

### Components

**Component 1** – Supporting Development of Higher Value Fish (US\$9.3 million)

**Component 2** – Improving Economic Infrastructure (US\$12.5 million)

Sub-Component 2.1 – Access Road Improvement

Sub-Component 2.2 – Electrification

Sub-Component 2.3 – Alternative Power Supplies

**Component 3 – Developing Financial Services**  
US\$10.2 million)

Sub-Component 3.1 – Community-Based  
Financial Services

Sub-Component 3.2 – Financial Support to  
Value Chain Investments

Sub-Component 3.3 – Technical Assistance for  
Financial Services

**Component 4 – Institutional Strengthening,  
Policy Initiatives and Project Management**  
(US\$11.5 million)

### **Borrower to Beneficiary chain composition**

#### **Financing organization(s)**

Government (US\$1.1 million); IFAD  
(US\$21.1 million); other unidentified financiers  
(US\$18.1 million) and local private sector.

#### **Borrowing entity**

Government of Mozambique

#### **Executing body**

Ministry of Fisheries, with the Institute for  
Development of Small-Scale (Artisanal) Fisheries  
[Instituto de Desenvolvimento da Pesca de  
Pequena Escala](IDPPE) having main executing/  
implementing responsibility

#### **Lead ministry/department**

As above.

#### **Oversight/quality control structure**

The Project Reference Group was convened to guide  
project design; it will become the project SC.

#### **Project management/coordination structure and composition**

- The Director of IDPPE would have overall institutional responsibility for ProPESCA, but line responsibility for day-to-day project implementation would be delegated to the Project Coordinator.
- The provincial delegations of IDPPE would carry the main load for day-to-day implementation of project activities, with the PCU providing oversight and technical and financial support.

- The PCU, embedded in IDPPE, would be composed of a team of individuals contracted by IDPPE and supported by a small technical assistance team based in IDPPE departments, which would have the dual role of capacity-building of the departments and facilitating project implementation.
- Project Consultative and Coordination Groups (PCCGs) will be set up in each of the 26 growth poles, chaired by the administrator of the district within which each growth pole falls.
- The PCU is a streamlined body that consists of a Core Team of just three management/technical staff: the Project Coordinator, Financial Manager; and M&E/Knowledge Management Specialist. A range of technical assistants are available, although they do not form part of the core team and are employed on yearly renewable contracts. Almost all day-to-day project activities are implemented by full-time staff, line members of the various organizations and agencies involved.

#### **Implementing agencies**

- **National Directorate of Fisheries Administration (ADNAP)**, together with its provincial departments, would assume responsibility for the co-management committees, which have been set up by IDPPE with the assistance of the artisanal fisheries development projects, so that they will progressively become fully integrated into the national fisheries management system. As part of its co-management responsibilities, it would work closely with the National Institute for Fisheries Research (IIP) and IDPPE in enforcing sound practices that promote sustainable use of resources.
- **National Institute for Fisheries Research (IIP)**, which is responsible for all fishing resource assessments, would carry out in close coordination with IDPPE studies assessing the ongoing impact of the diversification of artisanal fishing operations, as well as propose management measures to be applied

either by the fisheries administration or co-management bodies under the ongoing decentralization process.

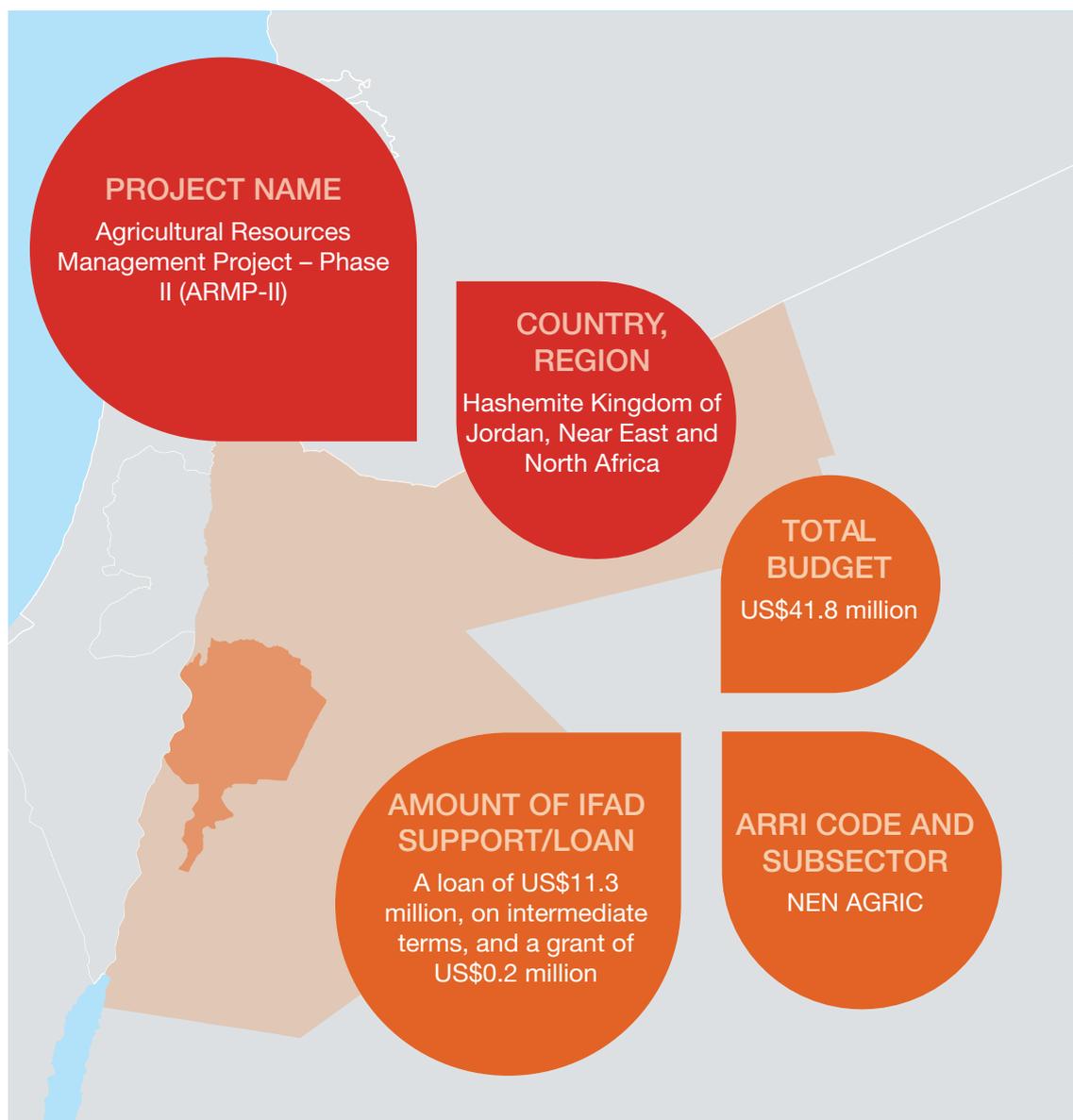
- **The Road Fund** would have direct responsibility for the management of funds for the project's road rehabilitation component – including unclassified (district responsibility) and classified roads (provincial responsibility).
- **The National Roads Administration (ANE)** would have responsibility for the technical implementation of the road works (both rehabilitation and maintenance), including provision of standard designs, contributing to establishing priorities and ensuring technical supervision. Depending on the nature of the roads, this responsibility will be delegated by ANE to the provincial (for classified roads) or district (for unclassified roads) levels, under its supervision.
- **Electricidade de Moçambique (EDM)**, the national agency responsible for provision of electricity from the national grid, in conjunction with the National Energy Fund [Fundo Nacional de Energia](FUNAE), as described under Component 3, would be responsible for the provision of electricity to fishing centres, ice plants, markets and other installations in the fisheries value chain in 26 growth poles, with FUNAE piloting electricity provision in more remote fishing centres.
- **District administrations** would take on increased responsibilities in the implementation of the project activities. Under the structure of the district administration, it would be the districts' Services for Economic Affairs that would assume responsibility for fisheries development and administration, in particular for: issuing and charging for fishing licences, supervision of fishing activities, collecting fines and, increasingly, co-management.
- **Municipalities** would be involved in upgrading of fish markets within their jurisdiction.

### **Direct beneficiaries**

Primary target groups consist of poor men and women involved in fishing and related activities, for whom fishing and fish products are principal sources of livelihood and often the only sources of cash income. Secondary targets comprise poor households that will directly benefit from project interventions (e.g. as members of savings and credit groups and as contract workers for road construction), although they are not necessarily involved in fisheries. A third group comprises people and institutions that are not poor, but that nonetheless directly benefit from project interventions and are critical to making the value chain function, thus ensuring the success of the project.



## Jordan, ARMPII



### Goal and objective

The main objectives of the project are to improve food and water security and income levels of the target group of poor and rural households residing in the project area, by promoting effective and sustainable use of soil and water resources through better management practices, with a particular focus on conservation of the environment.

### Components

The project has the following components:

1. **Community development.** The project supports: (i) capacity-building of communities and development of effective mechanisms that involve all of the community in decision-making in order to enhance community ownership and promote self-reliance and sustainable development;

(ii) assist communities to prioritize their development needs, both as individual households and as a community, and compile a Community Action Plan; and (iii) strengthening of women's development capacity in order to ensure that women are integrated into the community participatory planning process and to address the special needs and interests of women, including literacy, on- and off-farm income-generating activities, and credit.

2. **Resource management.** The project finances:

(i) soil and water conservation, including on-farm measures for suitable land where the average rainfall exceeds 200 millimetres per year, based on beneficiary demand and farm plan, and off-farm measures, including wadi bank protection and check dams, for flood protection and erosion control; and (ii) water resources development, including construction of on-farm storage facilities such as cisterns, rehabilitation of Roman wells and off-farm reservoirs (mini-earth dams) for seasonal storage of water for supplementary irrigation, protection of springs and rehabilitation of irrigation systems; training and assisting water users to form water user associations to ensure proper operation and maintenance of the system, and efficient use of water. In addition, research activities will be funded to examine methodologies for safe and economically feasible treatment of households' domestic wastewater for reuse (e.g. irrigation of tree crops).

3. **Agricultural development.** The project funds:

(i) orchard development in conjunction with project interventions in soil and water conservation, involving eligible farmers who had installed soil conservation structures under ARMP-I, but were not able to plant due to drought and other constraints (beneficiaries' preferences, technical considerations and market potential determine the type and variety of tree crops to be planted); (ii) agricultural extension provided through the existing extension services at the governorate

level, which is strengthened to ensure sustainability after project completion; and (iii) agricultural research to support development of technological packages for orchard diversification and integration of crop and livestock production at the household level.

4. **Sustainable land management.** The project interventions facilitate the enhancement of the enabling policy and regulatory and incentive frameworks that govern natural resource use, promote integrated land use planning and mainstream sustainable land management (SLM) into national planning frameworks. This mitigates land degradation and helps alleviate poverty, as well as supports the Government in meeting its obligations under the United Nations Convention to Combat Desertification (UNCCD). A Concept Note has been submitted to the Global Environment Facility (GEF) for financing the preparation of a project development proposal and implementation of interventions such as: (i) raising awareness among communities on land degradation and desertification issues and cost-effective mitigation measures; (ii) expanding soil conservation measures on state lands to protect integrity of the watershed (not funded under Resource Management Component); (iii) supporting the development of environmental monitoring at project and national levels; and (iv) institutional support and capacity-building.

5. **Rural roads.** The project supports construction of rural roads to facilitate access to markets and social facilities. The roads are constructed in accordance with Community Action Plans and taking into account community demand, cost effectiveness, present and expected future traffic, agricultural area and number of beneficiaries served.

6. **Rural financial services.** The project provides sustainable access to financial services for the project target group, including men and women, in order to support agricultural development, purchase of on-farm irrigation and small farm equipment, and development

of income-generating activities. In this respect, the project: (i) provides support for institutional and financial strengthening of Agricultural Credit Corporation; and (ii) develops microfinance in rural areas through a network of sustainable financial and non-financial intermediaries that is institutionally strengthened by the project.

7. **Project coordination and management.** The project funds staff and implementation and management costs. Institutional support for improved coordination of the project includes provisions for workshops, preparation of operations manual and the enhancement of the M&E system. Training and study tours are provided for senior decision-making officers and project staff involved in community development and participation, as well as technical and financial aspects of project implementation.

#### **Borrower to Beneficiary chain composition**

##### **Financing organization(s)**

The project is financed by a loan of US\$11.3 million on intermediate terms, and a grant of US\$0.2 million from IFAD and US\$10.2 million from OPEC Fund. Of the remainder, the Government finances US\$11.0 million and the beneficiaries contribute US\$2.4 million in kind or cash. A GEF grant of about US\$6.4 million finances the Sustainable Land Management Component.

##### **Borrowing entity**

Government of Jordan

##### **Executing body**

Ministry of Agriculture in cooperation with

- Agricultural Credit Corporation
- Ministry of Water and Irrigation
- Ministry of Public Works
- Ministry of Environment
- Ministry of Planning

##### **Lead ministry/department**

The MoA is responsible for the project's interventions in agricultural resources development and management. The Ministry of Environment

is responsible for environmental monitoring and capacity-building. The Agricultural Credit Corporation is responsible for the supplementary project interventions in rural finance. The Ministry of Public Works and Housing is responsible for the Rural Roads Component.

##### **Oversight/quality control structure**

Project activities are coordinated by the project SC at the national level and regional coordinating committees at the governorate level.

##### **Beneficiary organizations**

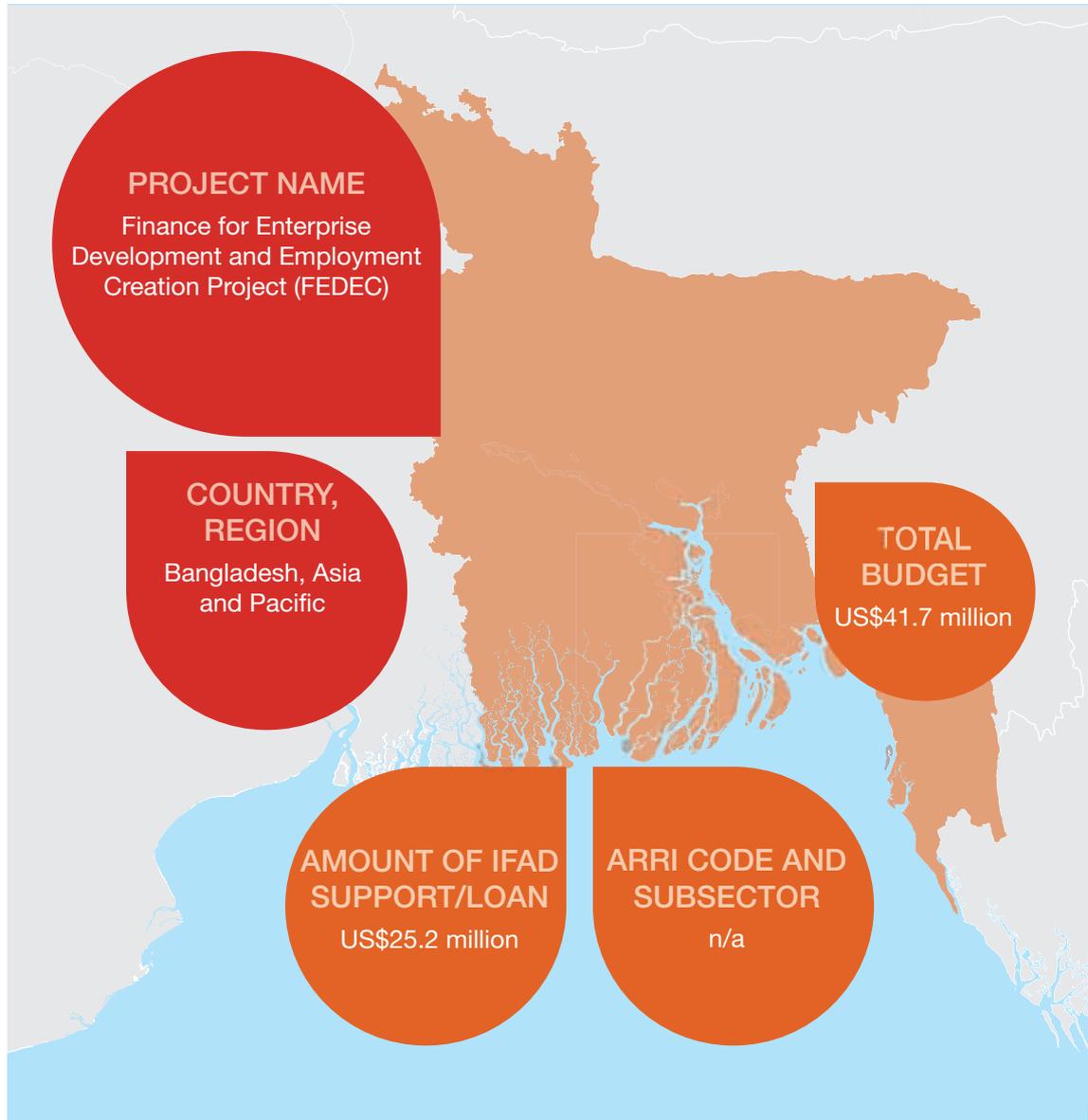
The approach adopted by ARMP-II is based on the main principle that communities themselves would elaborate their development programmes according to the objectives, strategy, technical and environmental aspects of the project. The communities are directly involved in all phases of the project cycle and beneficiaries' selection is made with community participation. Communities establish criteria for identifying the poor and the disadvantaged households within their community. All project interventions in the targeted villages are planned and implemented on the basis of community demand reflected in Community Action Plans (CAPs) and Annual Work Plans (AWPs). In each targeted village and village cluster, the project encourages the community to establish a "local community committee" (LCC) representing the existing cooperatives and charitable societies and other informal interest groups, including women and youth. The LCCs play an important role in community mobilization, dissemination of information, planning process, negotiating CAPs and AWP with the project staff and monitoring implementation of the project interventions.

##### **Direct beneficiaries**

ARMP-II targets around 22,300 rural households, or 134,000 inhabitants. The target group are the poor men and women within the following three categories: (i) small and medium farmers; (ii) landless with insecure income and little or no production means; and (iii) other disadvantaged groups.



## Bangladesh, FEDEC



### Goal and objective

The overall goal of the project is to contribute to economic growth in order to increase employment opportunities and reduce poverty. In doing this, FEDEC makes a direct contribution to the overarching goal of the Poverty Reduction Strategy Paper – pro-poor growth. FEDEC achieves this through the immediate project objective of expanding existing and establishing new microenterprises.

### Components

The project has three components

1. Microfinance services involving savings and credit services for microenterprises
2. Value chain development services to improve access to markets and build the capacity of small businesses
3. Project management and coordination

## Borrower to Beneficiary chain composition

### Financing organization(s)

The total project cost is estimated at US\$41.7 million, of which US\$25.2 million will be funded via an IFAD loan, PKSf will contribute about US\$15.3 million, and partner NGOs and beneficiaries US\$0.8 million.

### Borrowing entity

Government of Bangladesh

### Executing body

Palli Karma-Sahayak Foundation (PKSF)

### Lead ministry/department

As above

### Oversight/quality control structure

### Project management/coordination structure and composition

The Microenterprise Unit manages the project. The head of this unit, a PKSf Deputy General Manager (DGM), coordinates project implementation. DGM reports to one of PKSf's two Deputy Managing Directors, who reports to the Managing Director. The day-to-day monitoring and supervision of lending to POs is the responsibility of PKSf desk officers who also manage other PKSf funding

provided to these POs. These desk officers work closely with the Microenterprise Unit in managing loan disbursements to POs. The management structure for FEDEC can be seen below. The project is supervised for IFAD by its cooperating partner, the United Nations Office for Project Services (UNOPS).

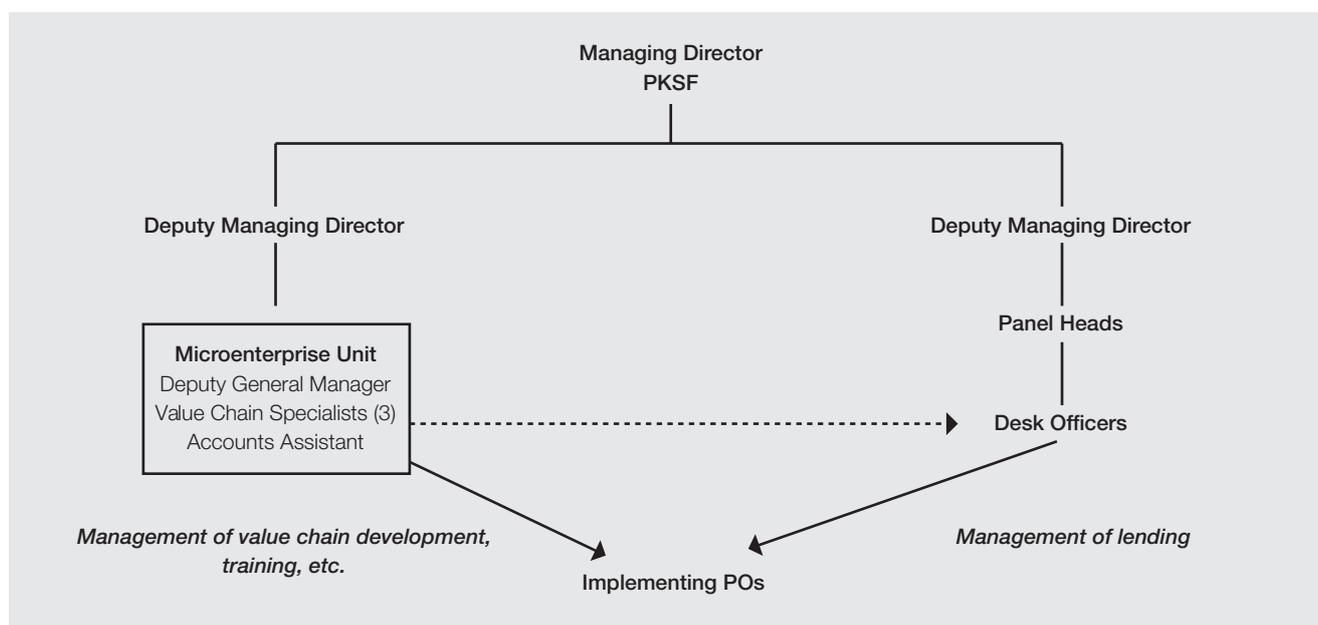
### Implementing agencies

PKSF lends funds to POs for on-lending to microenterprises. PKSf's POs are NGOs that have been selected by PKSf based on their competence, efficiency and performance. As of 30 June 2012, there were 157 POs.

### Direct beneficiaries

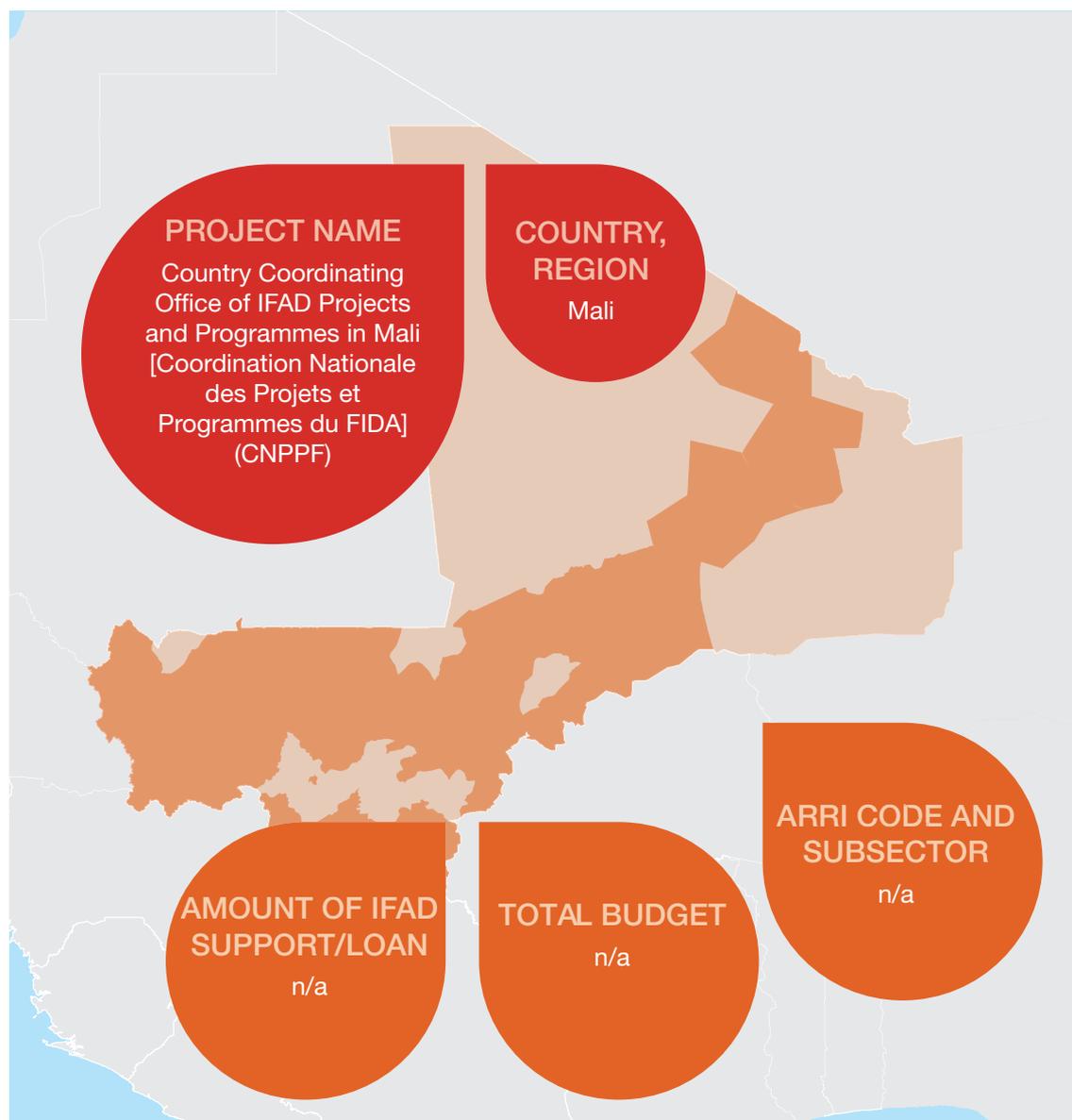
Direct beneficiaries are the owners of microenterprises who borrow funds from POs funded by PKSf and who may also benefit from training and value chain development initiatives. Most of microenterprise borrowers are women (88 per cent). To offset the tendency towards greater male participation as businesses grow, the project specifically targets women entrepreneurs with training and weights the selection of value chain proposals towards those proposals which do most to increase the role of women (and other disadvantaged groups) in business management.

Figure 1. Management structure for FEDEC





## Mali, CNPPF



### Goal and objective

CNPPF was established in April 2004, initially with a view to monitor and report on project implementation to the MoA, assemble a project database, draw lessons from different projects and programmes, put in place a formal framework within which to promote dialogue and knowledge exchange among projects and programmes, and facilitate contact among donors. CNPPF is a government-sponsored liaison office, not to be confused with an IFAD Country Office. It is a

“super-PMU” that aims at promoting efficiency in certain areas, such as M&E, policy dialogue, fiduciary activities and implementation support, by aggregating them up from the individual projects and unifying them at the country programme level.

### Components

1. Northern Regions Investment and Rural Development Programme [Programme d’Investissement et de Développement des Régions du Nord Mali] (PIDRN);

2. Kidal Integrated Rural Development Programme [Programme Intégré de Développement Rural de la région de Kidal] (PIDRK);
3. Sahelian Area Development Fund Programme [Programme Fonds de Développement en Zone Sahélienne] (FODESA);
4. Rural Microfinance Programme [Programme de Micro finance Rurale] (PMR); and
5. Fostering Agricultural Productivity Project in Mali [Programme d'Accroissement de la Productivité Agricole au Mali] (PAPAM).

### **Borrower to Beneficiary chain composition**

#### **Financing organization(s)**

Government - in kind; IFAD - US\$690,000 per year (2012)

#### **Borrowing entity**

Government of Mali

Executing body: PMUs, FODESA, regional executing and management agencies

#### **Lead ministry/department**

Ministries, FODESA, National Association for Development in the Sahel Area (ANDES) and regional associations

#### **Oversight/quality control structure**

Overall institutional responsibility for the CNPPF rests with the Government of Mali. The Government of Mali uses the CNPPF as its main interlocutor with IFAD (while donors tend to use the IFAD Country Office). PMUs are not directly accountable to the CNPPE, but to government through a ministry or other concerned institution (e.g. in the case of one project, the Food Security Commission, which falls under the President's Office).

#### **Project management/coordination structure and composition**

- A national coordinator, an M&E specialist, a communication specialist, three support staff.

#### **Implementing agencies**

- Ministry of Agriculture
- Ministry of Territorial Administration and Local Collectives
- Decentralization and Institutional Reform Mission
- Ministry of Environment and Sanitation
- National Investment Agency for Local Communities (ANICT) and local government units
- Donors
- Farmer organizations
- Service providers
- Private sector

#### **Direct beneficiaries**

454,303 households (2012 data).



# Annex 4

## Description of tests of Paris Declaration compliance

The Test of Paris Declaration Compliance generated for these case studies was based on a review of the Paris Declaration,<sup>34</sup> as well as OECD-DAC and the European Commission (EC) approaches to determining compliance. A series of key informant interviews with senior IFAD personnel was conducted to determine the factors most commonly associated with Paris Declaration compliance.

The Paris Declaration includes one indicator that tracks the use of parallel implementation structures, such as Programme Implementation or Management Units (PIU/PMU), and two indicators that have significant implications for project management:

1. Indicator 5a: Use of country public financial management (PFM) systems, with a 2010 target of 55 per cent of aid for the government sector channelled through PFM systems;
2. Indicator 5b: use of country procurement systems (no target was set); and
3. Indicator 6: avoiding parallel project implementation units to the maximum extent possible, with a target of no more than 565 parallel PIUs in place by 2010.

The 2006 DAC Baseline survey defines three questions to guide the decision on whether a PIU/PMU is “parallel” or not. These are as follows:

1. **Accountability/Reporting.** Is the PIU accountable to the concerned agency rather than to the relevant government institution (e.g. ministries, agencies, departments)?

2. **Staff selection/Recruitment and staffing.** Does the concerned agency determine the Terms of Reference (TORs) for the externally appointed staff of the PMU, rather than the relevant government institutions (e.g. ministries, agencies, departments)?
3. **Implementation/Operational responsibilities.** Do the PIU/PMU staff appointed by the donor have responsibility for the management of implementation issues, rather than the relevant government institutions (e.g. ministries, agencies, departments) making these decisions?

The OECD provides further guidance on how to classify PIUs/PMUs into Parallel, Semi-Integrated or Integrated modes (see the reference matrix below). Those that fall into Parallel or Mostly Parallel modes are considered to be non-compliant with the Paris Declaration – i.e. they must be declared as “parallel” structures, and are therefore the kind of PIUs/PMUs that should be the target of efforts to move them into at least a Partially Integrated mode, and preferably to Integrated.

EC defines the following questions to determine the compliance of its PIU/PMUs with the Paris Declaration:

1. Are the PIUs accountable to the external funding agencies/donors rather than to the country implementing agencies (ministries, departments, agencies etc)? (Y/N).
2. Are the terms of reference for externally appointed staff determined by the donor (rather than by the country implementing agencies)? (Y/N).

34. The full Paris Declaration can be accessed at: <http://www.oecd.org/development/effectiveness/34428351.pdf>

3. Is most of the professional staff appointed by the donor (rather than the country implementing agencies)? (Y/N).
4. Is the salary structure of national staff (including benefits) higher than those of civil service personnel? (Y/N).

For the EC, answering “Yes” to three questions identifies the PIU/PMU as a parallel structure. Therefore, answering two questions with “No” implies the PIU/PMU is a non-parallel structure and thus compliant with the Paris Declaration.

However, these classifications miss some of the nuances inherent in an entity such as a PIU/PMU, which can be a fairly complex structure and cover more ground that is relevant to the spirit of the Paris Declaration than is captured in these questions.

A more comprehensive list of features that distinguish a parallel implementation structure or PIU/PMU includes the following:

1. It is accountable to the external financing body, not to the executing agency or government. Alternatively, the donor/financing body has significant influence over decision-making, often more influence than the government. The bottom line here is that, when disagreements occur, the external financing body is likely to get its way more often than not.
2. It is staffed (or mainly staffed) by external staff, rather than government employees. This staffing approach is one that the government does not normally use, or that it has concerns about, but it agreed to this approach due to the requirements of (or pressure from) the external financing body.
3. Staff may be appointed by the donor, or hired under a process that bypasses normal government hiring procedures. This could include the recruitment process being managed by a third-party outside agency. Alternatively, the government might accept a hiring process that is not its standard

process. In most cases, it would have some reservations about this process, or agree to it only due to pressure from the external financing agency, or to comply with its rules.

4. Terms of reference/job descriptions are set by the external financing body, not the government. Alternatively, where consultation/participation occurs, the external financing body has more influence, or is likely to get its own way more often than not.
5. PIU/PMU staff are paid higher salaries and benefits than regular government employees.
6. The PIU/PMU does not use (or has multiple “opt-outs” from) government planning, budgeting, procurement, auditing and M&E systems.
7. PIU/PMU staff tend not to be “available” to government after the project finishes, either because they were hired from the private sector, to which they return; or because government employees take advantage of the additional capacity and experience they have gained to move on from government, for example into civil society or private sectors.

These basic considerations have been shaped into a survey instrument containing nine questions that test the Paris Declaration compliance of IFAD’s project management arrangements. They are given below.

1. To whom do lines of accountability go?  
*Less compliant is accountability to IFAD; more compliant is accountability to government.*
2. To what extent does the project use the following government systems (*less compliant = very little or not at all; more compliant = all done through government systems*):
  - 2.1. Planning
  - 2.2. Budgeting
  - 2.3. Monitoring and Evaluation
  - 2.4. Procurement
  - 2.5. Auditing
  - 2.6. Existing Coordination Mechanisms or Processes at the Nation or Local Level

3. Who set or mainly controlled the project management/professional staff's Terms of Reference (job description, qualifications, skills required, etc.)? *Less compliant = IFAD; compliant = government.*
4. Recruitment:
  - 4.1. Where project management/professional staff are (or were) mainly appointed, rather than recruited, who did the appointing? *Less compliant = IFAD; compliant = government.*
  - 4.2. Where the Project Manager/Coordinator was appointed rather than recruited, who did the appointing? *Less compliant = IFAD; compliant = government.*
  - 4.3. Where project management/professional staff were mainly recruited through a competitive process, who was the main driver of this approach? *Less compliant = IFAD; compliant = government.*
  - 4.4. Where the Project Manager/Coordinator was competitively recruited, who was the main driver of this approach? *Less compliant = IFAD; compliant = government.*
5. What are the salary levels of the project's management/professional staff? *Less compliant = "project" salaries, or much higher than government, or significant top-ups; compliant = government scales throughout.*
6. What level of additional benefits do project staff receive (that government generally does not), e.g. per diems, health insurance, etc.? *Less compliant = very significant or valuable benefits; compliant = government scales throughout.*
7. For government staff in PMUs, what is the general perception of how "available" to government they are (or will be) once the project closes? *Less compliant = staff move on from government entirely; compliant = often go back to line government positions.*
8. How much management capacity or additional skills have been transferred to government management staff as a result of the PMU/project? *Less compliant = very little or none; compliant = significant amount.*
9. To what extent have line government staff taken on the responsibilities of the PMU over the life of the project? Alternatively, to what extent are there activities or plans in place to transfer the responsibilities to government? *Less compliant = very little or none, or no plans; compliant = significant amount, or very strong plans under implementation.*

The responses to these questions are scored using a 4-point Likert scale, which is then translated into an average percentage. The percentages are sorted into five bands. "Very poor" (up to 37.5 per cent) and "poor" (up to 51.8 per cent) indicate that the PIU/PMU is non-compliant with the Paris Declaration and should be urgently reviewed. "Acceptable" (51.9-66.1 per cent) is the minimum score considered Paris Declaration-compliant, with higher scores preferred. PIU/PMUs scoring in this range should have their weak points reviewed to determine how their compliance could be improved. "Good" ranges from 66.2 per cent to 80.4 per cent; PIU/PMUs in this category are very close to full compliance with the Paris Declaration. They should be reviewed as part of the standard evaluation cycle. PIU/PMUs scoring above 80.5 per cent need little review, and are rated "excellent" or fully Paris Declaration-compliant.

There are nuances here that are worth considering. Imagine, for example, a hypothetical PMU that is largely staffed by external staff hired from the private or civil society sectors. There are a few staff members who were previously employed in line government positions, but they have had to take "leave without pay" in order to

join the PMU. The staffing process was conducted by a recruitment company that was specifically contracted for the purpose, paid from the project's IFAD loan funds. When the project ends, some of the previously government-employed staff return to their government posts, but some join the private and civil society sectors.

One interpretation of the above scenario suggests that this PIU/PMU was not compliant with the letter of the Paris Declaration. However, it is perfectly feasible that it could have been. Some countries have established regulations, guidelines and practices that mean that this way of working is entirely accepted and mainstreamed into everyday government operations. Staff regularly take such leave or resignations, and just as regularly return to government service, usually with improved skills and capacities. Even where they move on to other roles, some countries have relatively well-established local consulting industries. This means that such staff remain "available" to the government, should the latter need to recruit such personnel in the future.

An IFAD-supported project set up in this manner is therefore compliant with the spirit of the Paris Declaration, which is that governments should not be forced or pressured to set up parallel systems, if this is not their policy or usual practice, or if they have reservations about it. As this example demonstrates, it is important to look beyond the simple "Yes/No" responses and consider the government's policies, usual practices, and level of satisfaction with the recruitment and staffing system used. Where the governments' usual practices are the opposite of those described above, there would be a clear case of non-compliance with the Paris Declaration; it would be an example of the kind of approaches that need to change. Where the government's own policies and practices include such approaches, then the PMU could – and should – be considered compliant with the spirit of the Paris Declaration.

©IFAD/Amadou Keita



PIU Reference Matrix – OECD-DAC

Key Features	Mode of PIUs					Possible conditions for Integrated PIU
	Parallel PIUs		Semi-Integrated PIUs		Integrated PIUs	
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
<p>Accountability/ Reporting/ Consultation</p> <p><i>(Is your PIU accountable to your agency or to relevant Government agencies?)</i></p>	<ul style="list-style-type: none"> <li>Accountability of the PIU activity to the Government is not considered.</li> <li>Reporting systems are only accountable to funding donor.</li> <li>Consultation with Government in report preparation is neither required nor practiced.</li> </ul>	<ul style="list-style-type: none"> <li>Accountability of the PIU activity to the Government is very limited.</li> <li>Report is prepared by donor and then shared with Government with very limited possibilities for Government inputs.</li> </ul>	<ul style="list-style-type: none"> <li>Accountability of PIU activity to government is limited.</li> <li>Limited Government staff involvement in report preparation.</li> <li>Reports are fully shared with Government but not signed off by them.</li> </ul>	<ul style="list-style-type: none"> <li>Accountability of PIU activity to government is partial.</li> <li>Government staff and donors jointly prepare reports.</li> <li>Both Government and Donor sign off on reports.</li> </ul>	<ul style="list-style-type: none"> <li>Accountability of PIU activity to Government is a prerequisite.</li> <li>Government is accountable for PIU activities and responsible for reporting PIU activities to donors.</li> </ul>	<p>Government agency has transparent reporting/ accounting mechanisms. Effective consultation mechanisms in place.</p>
<p>Staff selection/ recruitment, staffing</p> <p><i>(Does your agency determine the TORs for externally appointed staff of the PIU, or does Government?)</i></p> <p><i>Does your agency appoint most of the professional staff of the PIU, or the relevant Government agency?)</i></p>	<ul style="list-style-type: none"> <li>PIU staff selection/ recruitment process does not require Government involvement.</li> <li>No government staff are working in the PIU.</li> </ul>	<ul style="list-style-type: none"> <li>TORs are shared with Government, but donor approves final version. Government cannot veto the selection result.</li> <li>Some existing Government staff recruited for PIU, but working exclusively on project activities rather than for Government.</li> </ul>	<ul style="list-style-type: none"> <li>PIU staff TORs and selection/ recruitment process are jointly prepared, but final decision rests with the donor, while Government confirms “no objection”.</li> <li>Government staff work both on project activities and Government responsibilities, but project activities are distinct from Government responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>PIU staff TORs and selection/ recruitment processes are jointly determined and final decision is by both Government and donors together.</li> <li>Government staff work principally on Government responsibilities as part of the project.</li> </ul>	<ul style="list-style-type: none"> <li>Government determines staff TORs and selection/ recruitment processes.</li> <li>Government takes full responsibility for managing any external PIU staff.</li> <li>Principally staffed by Government officials working on Government responsibilities.</li> </ul>	<p>Government has established meritocratic and transparent recruitment systems.</p>
<p>Implementation/ Operational Responsibility</p> <p>(preparation of workplan, oversight of budget and implementation of activities, management of reviews, and authorization of financial transactions)</p> <p><i>(Do your project staff have responsibility for the management of design and implementation issues, or does a Government agency make these decisions?)</i></p>	<ul style="list-style-type: none"> <li>Donors manage all stages of project activity and donor rules and regulations are followed for implementation of PIU activities.</li> <li>Government involvement is not required.</li> </ul>	<ul style="list-style-type: none"> <li>Donors manage all stages of project activity.</li> <li>Government involvement is limited to sharing of information.</li> </ul>	<ul style="list-style-type: none"> <li>Government is consulted over operational issues in the project but final decisions rest with the donor.</li> <li>Government involvement is on “No objection” basis.</li> </ul>	<ul style="list-style-type: none"> <li>Operational responsibility for project implementation is shared between the Government and donor.</li> <li>Final decisions require both Government and donor approval.</li> </ul>	<ul style="list-style-type: none"> <li>Responsibility for management of all activities and stages of project lies in the hands of Government.</li> <li>Government has full authority to make final decisions.</li> </ul>	<p>Government agencies are well-staffed and have the required mix of skills; clear lines of responsibility are established.</p>



# Annex 5

## Analyses of OECD-DAC Paris Declaration tests

### Jordan ARMP2

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
<b>Accountability and Reporting.</b> Is your PIU accountable to the donor/external financing agency (D/EFA) or to the relevant Government agency/ies?	Not at all	Very limited, information sharing	Limited. Some involvement of government staff in report preparation. Reports are shared with government, but they do not sign off.	Partial accountability. Government and donor jointly prepare reports. Both parties sign off.	Acct to government is a prerequisite. Government is accountable for activities and reports to donors.	4
<b>Staff Selection, Recruitment and Staffing.</b> To what extent is government involved?	Does not require government involvement. No government staff on the PIU.	Very limited involvement, mainly sharing of info.	Limited; decisions largely with D/EFA and government confirms "no objection."	Partial; decisions are joint.	Government entirely. Government procedures used throughout.	4
Does your agency determine the TORs for externally appointed staff of the PIU, or does government?	TORs set by D/EFA.	TORs are shared, but D/EFA approves final version.	TORs joint, but decision with D/EFA and government confirms "no-objection."	TORs joint, decisions are joint.	TORs decided by government.	4
Does your agency appoint most of the professional staff of the PIU, or does the relevant Government agency?	D/EFA appoints most professional staff, government not involved.	Government has no veto over selection result. Some government staff on PIU, but exclusive to project activities.	Recruitment joint, but decision with D/EFA, government confirms "no-objection." Government staff work on both project and government work, but project work is distinct.	Recruitment joint, decisions joint. Government staff work principally on government work as part of the project.	Government decides on staffing and manages external PIU staff. Principally staffed by government officials working on government responsibilities.	
Appointing/recruiting	D/EFA entirely, government not involved.	No government veto on selection	Joint, but D/EFA makes final decision. Government confirms "no objection".	Joint; both approvals needed.	Government entirely. Government procedures used throughout.	5
Involvement of government staff/ numbers of government staff involved	None	Very few	Some	Many	All	4
Nature of work	Exclusively project work	Exclusively project work	Both government and project work, but project work is distinct.	Principally government work as part of the project.	Entirely government work	1
<b>Implementation/Operational Responsibility:</b> Do your project staff have responsibility for the management of design and implementation issues, or does a Government agency make these decisions?	D/EFA manages all aspects. Government involvement not required.	D/EFA manages all aspects, but shares information.	Government is consulted; final decisions with government.	Responsibility is shared, both government and D/EFA need to approve decisions.	Government manages and exercises full authority.	

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
Preparation of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Joint.	Government.	5
Approval of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Preparation of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Joint.	Government.	5
Approval of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Implementation of activities	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Management of reviews	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	3
Authorization of financial transactions	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
<b>Average score</b>						<b>4.1</b>

Mozambique, ProPESCA

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
<b>Accountability and Reporting.</b> Is your PIU accountable to the donor/external financing agency (D/EFA) or to the relevant Government agency/ies?	Not at all	Very limited, information sharing	Limited. Some involvement of government staff in report prep. Reports are shared with government, but they do not sign off.	Partial accountability. Government and donor jointly prepare reports. Both parties sign off.	Acct to government is a prerequisite. Government is accountable for activities and reports to donors.	5
<b>Staff Selection, Recruitment and Staffing.</b> To what extent is government involved?	Does not require government involvement. No government staff on the PIU.	Very limited involvement, mainly sharing of info.	Limited; decisions largely with D/EFA and government confirms "no-objection."	Partial; decisions are joint.	Government entirely. Government procedures used throughout.	5
Does your agency determine the ToRs for externally appointed staff of the PIU, or does government?	TORs set by D/EFA.	TORs are shared, but D/EFA approves final version.	TORs joint, but decision with D/EFA and government confirms "no-objection."	TORs joint, decisions are joint.	TORs decided by government.	4
Does your agency appoint most of the professional staff of the PIU, or the relevant Government agency?	D/EFA appoints most professional staff, government not involved.	Government has no veto for selection result. Some government staff on PIU, but exclusive to project activities.	Recruitment joint, but decision with D/EFA, government confirms "no-objection." Government staff work on both project and government work, but project work is distinct.	Recruitment joint, decisions joint. Government staff work principally on government work as part of the project.	Government decides on staffing and manages external PIU staff. Principally staff by government officials working on government responsibilities.	
Appointing/recruiting	D/EFA entirely, government not involved.	No government veto on selection.	Joint, but D/EFA makes final decision. Government confirms "no-objection."	Joint; both approvals needed.	Government entirely. Government procedures used throughout.	4
Involvement of government staff/numbers of government staff involved in PIU	None	Very few	Some	Many	All	4
Nature of work	Exclusively project work	Exclusively project work	Both government and project work, but project work is distinct	Principally government work as part of the project	Entirely government work	1
<b>Implementation/Operational Responsibility:</b> Do your project staff have responsibility for the management of design and implementation issues, or does a Government agency make these decisions?	D/EFA manages all aspects. Government involvement not required.	D/EFA manages all aspects, but shares information.	Government is consulted; final decisions with government.	Responsibility is shared, both government and D/EFA need to approve decisions.	Government manages and exercises full authority.	

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
Preparation of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Approval of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Preparation of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Approval of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Implementation of activities	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Management of reviews	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	3
Authorization of financial transactions	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
<b>Average score</b>						<b>4.2</b>

Bangladesh - FEDEC

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
<b>Accountability and Reporting.</b> Is your PIU accountable to the donor/external financing agency (D/EFA) or to the relevant Government agency/ies?	Not at all	Very limited, information sharing	Limited. Some involvement of government staff in report prep. Reports are shared with government, but they do not sign off.	Partial accountability. Government and donor jointly prepare reports. Both parties sign off.	Acct to government is a prerequisite. Government is accountable for activities and reports to donors.	5
<b>Staff Selection, Recruitment and Staffing.</b> To what extent is government involved?	Does not require government involvement. No government staff on the PIU.	Very limited involvement, mainly sharing of info.	Limited; decisions largely with D/EFA and government confirms "no-objection."	Partial; decisions are joint.	Government entirely. Government procedures used throughout.	
Does your agency determine the TORs for externally appointed staff of the PIU, or does government?	TORs set by D/EFA.	TORs are shared, but D/EFA approves final version.	TORs joint, but decision with D/EFA and government confirms "no-objection."	TORs joint, decisions are joint.	TORs decided by government.	5
Does your agency appoint most of the professional staff of the PIU, or the relevant Government agency?	D/EFA appoints most professional staff, government not involved.	Government has no veto for selection result. Some government staff on PIU, but exclusive to project activities.	Recruitment joint, but decision with D/EFA, government confirms "no-objection." Government staff work on both project and government work, but project work is distinct.	Recruitment joint, decisions joint. Government staff work principally on government work as part of the project.	Government decides on staffing and manages external PIU staff. Principally staff by government officials working on government responsibilities.	5
Appointing/recruiting	D/EFA entirely, government not involved.	No government veto on selection.	Joint, but D/EFA makes final decision. Government confirms "no-objection."	Joint; both approvals needed.	Government entirely. Government procedures used throughout.	5
Involvement of government staff/numbers of government staff involved	None	Very few	Some	Many	All	5
Nature of work	Exclusively project work	Exclusively project work	Both government and project work, but project work is distinct	Principally government work as part of the project	Entirely government work	5
<b>Implementation/Operational Responsibility:</b> Do your project staff have responsibility for the management of design and implementation issues, or does a Government agency make these decisions?	D/EFA manages all aspects. Government involvement not required.	D/EFA manages all aspects, but shares information.	Government is consulted; final decisions with government.	Responsibility is shared, both government and D/EFA need to approve decisions.	Government manages and exercises full authority.	

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
Preparation of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Approval of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Preparation of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Approval of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Implementation of activities	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Management of reviews	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	3
Authorization of financial transactions	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
<b>Average score</b>						<b>4.7</b>

Gambia - PWAMP/Nema

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
<b>Accountability and Reporting.</b> Is your PIU accountable to the donor/external financing agency (D/EFA) or to the relevant Government agency/ies?	Not at all	Very limited, information sharing	Limited. Some involvement of government staff in report prep. Reports are shared with government, but they do not sign off.	Partial accountability. Government and donor jointly prepare reports. Both parties sign off.	Acct to government is a prerequisite. Government is accountable for activities and reports to donors.	4
<b>Staff Selection, Recruitment and Staffing.</b> To what extent is government involved?	Does not require government involvement. No government staff on the PIU.	Very limited involvement, mainly sharing of info.	Limited; decisions largely with D/EFA and government confirms "no-objection."	Partial; decisions are joint.	Government entirely. Government procedures used throughout.	4
Does your agency determine the ToRs for externally appointed staff of the PIU, or does government?	TORs set by D/EFA.	TORs are shared, but D/EFA approves final version.	TORs joint, but decision with D/EFA and government confirms "no-objection."	TORs joint, decisions are joint.	TORs decided by government.	3
Does your agency appoint most of the professional staff of the PIU, or the relevant Government agency?	D/EFA appoints most professional staff, government not involved.	Government has no veto for selection result. Some government staff on PIU, but exclusive to project activities.	Recruitment joint, but decision with D/EFA, government confirms "no-objection." Government staff work on both project and government work, but project work is distinct.	Recruitment joint, decisions joint. Government staff work principally on government work as part of the project.	Government decides on staffing and manages external PIU staff. Principally staffed by government officials working on government responsibilities.	4
Appointing/recruiting	D/EFA entirely, government not involved.	No government veto on selection.	Joint, but D/EFA makes final decision. Government confirms "no-objection."	Joint; both approvals needed.	Government entirely. Government procedures used throughout.	4
Involvement of government staff/numbers of government staff involved	None	Very few	Some	Many	All	3
Nature of work	Exclusively project work	Exclusively project work	Both government and project work, but project work is distinct	Principally government work as part of the project	Entirely government work	1
<b>Implementation/Operational Responsibility:</b> Do your project staff have responsibility for the management of design and implementation issues, or does a Government agency make these decisions?	D/EFA manages all aspects. Government involvement not required.	D/EFA manages all aspects, but shares information.	Government is consulted; final decisions with government.	Responsibility is shared, both government and D/EFA need to approve decisions.	Government manages and exercises full authority.	4

	Parallel		Semi-Integrated		Integrated	Score
	Parallel	Mostly parallel	Partially integrated	Mostly integrated		
Preparation of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Approval of workplan	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Preparation of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
Approval of budget	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	4
Implementation of activities	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	3
Management of reviews	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	3
Authorization of financial transactions	D/EFA	D/EFA, with info sharing	D/EFA, with government "no-objection"	Both approvals needed.	Government.	5
<b>Average score</b>						<b>3.7</b>

# Annex 6

## Detailed questionnaire for face-to-face interviews

### Document analysis

1. Thumbnail sketch of the project: technical area/subject; size and complexity of the project; budget; beneficiaries; number of project management (PM) or project management unit (PMU) staff etc.
2. What is the decentralization policy of the government?
3. At what level does the project management have to happen – national, regional, local? Alternatively, what project management aspects are handled at different levels?
4. What are existing government capacities at these levels?
5. Is the project managed by a PMU or a similar entity?
6. What are the lines of accountability – to whom does the project management report (differentiate between strategic control and day-to-day control)?
7. What is the composition of steering groups, technical committees, etc.?

### Questions for CPM and/or Project Manager

1. To what extent are there specific PM requirements that stem from the technical area/subject (refer to design documents, etc.)?
2. To what extent were PM requirements assessed/analysed during project design? To what extent are they under active consideration as the project is being implemented?

3. What are the perceptions regarding how “integrated” the PMU or management arrangements are with government procedures and structures?
4. For CPM: are the “real” lines of accountability different from the “paper” lines of accountability? If so, in what way?
5. To what extent has there been sensitization of steering group/technical committee members on relevance of targeting and gender mainstreaming for project success and sustainable development?

### Government policy regarding project financial management and staffing

1. What are the government’s policies or regulations on project management arrangements for aid- or donor-funded projects/programmes?
  - a. What is the government’s approach and attitude towards PMUs (examples: not allowed; tolerated reluctantly; allowed; absolutely mainstreamed and often used)?
  - b. What expectations or regulations does the government have on their level of integration into government structures and procedures?
  - c. Who sets the terms of reference (job profile, required qualifications, etc.) for project management staff (professional, administrative, etc.)?
  - d. Does the PM team include staff member(s) with specialist skills in gender and targeting (e.g. rural sociologist)?

- e. To what extent do terms of reference/ job descriptions of all staff include the commitment to promote **gender** and targeting strategies, pro-poor and gender-sensitive approaches?
  - f. Is there an appointed **gender** focal point?
  - g. What are **government regulations/ expectations** about staffing of PMUs/PM arrangements? Examples include:
    - i. Must be staffed by government staff
    - ii. Can be staffed by government/ non-government staff (mixed)
    - iii. Can be entirely staffed by non-government staff (under what circumstances?)
    - iv. Must be entirely non-government staff (unlikely, but under what circumstances?)
    - v. What strengths/weaknesses are apparent or perceived as a result of the staffing approach?
    - vi. Are there any unexpected outcomes or impacts from the staffing approach?
    - vii. What are typical contractual arrangements (annual, biannual, project duration, subject to performance evaluation, etc.)?
    - viii. Are there any roles and responsibilities in the project that can be carried out on a part-time basis (e.g., seasonal, related to regular planning requirements, etc.)?
    - ix. What are government regulations regarding gender balance?
  - h. What is (or was) the **hiring approach and processes** for PM staff? Examples include:
    - i. Government appoints staff internally; what is IFAD's role/say in the matter? Which process is followed - government's or IFAD's? What are people's perceptions of the results from this process?
    - ii. Government recruits staff competitively; from within government, externally, or both? What process is followed – through government systems/department, or managed by non-government agent?
    - iii. Government staff must resign or take unpaid leave to assume PMU posts.
    - iv. Strength and weaknesses of the approach and unexpected outcomes?
    - v. What is the gender balance of the PMU?
  - i. What **salaries and conditions/benefits** apply to PMU staff or PM arrangements generally? Examples include:
    - i. Standard government terms entirely
    - ii. Standard government salaries, but additional salary or benefit payments, or top-ups
    - iii. Standard government salaries, no salary top-up, but additional benefits or expenses allowed (what are these?)
    - iv. Mixture of government and private sector-set (or NGO) salaries (and justification?)
    - v. Private sector-level salaries throughout – how much more than government sector? Was a benchmarking study carried out? If not, how did the salary level get set, where did the info come from?
  - j. What are the strengths and weaknesses of whichever approach was adopted? Any unexpected outcomes?
2. To what extent were government policies followed in staffing/setting up the project management?
  3. What are the financial and administrative arrangements: accounts, budgeting, procurement, audit? Are these carried out through government systems completely? Any opt-outs? For example: "procurement uses separate project systems, not the

government procedure; or audits are outsourced, thus not using the Auditor General or similar government audit body”.

4. Sustainability – how “available” are PMU staff to government once the project ceases? What happens to them? Examples may include:
  - a. Appointed government staff get reabsorbed back into government line positions.
  - b. Government staff that had to resign or take unpaid leave get reabsorbed into government line positions. (Are they often promoted? Or go back into similar grade positions?)
  - c. Government staff mainly transfer to other PMUs or internationally funded government projects.
  - d. Government staff mainly leave to enter the private/civil society sector (or emigrate, take international jobs abroad, etc. – i.e. become “unavailable” to government).
  - e. Non-government staff (i.e. those that are competitively recruited from the private/civil society sector) – are they often/sometimes/never taken on by government? Do they remain “available” to government through being part of a local consulting industry? Does government tend to use the local consulting industry regularly or routinely?
5. Was there evidence or perceptions of the project competing with government departments for qualified management staff, or taking staff away from other government functions?
6. Were there staffing problems or issues on the project – e.g. high turnover, low morale, low-quality staff, etc.? If so, what impact did this have and how was it addressed?
7. What is the procedure for a technical line agency staff (e.g. agricultural extension officer) going on mission in the field (approval of the mission/route/objective,

authorization letter (to be shown if stopped by police, etc.)/signed by whom, assigning of driver/fuel/per diem, etc.)? What is the procedure for a PMU staff going on mission in the field (approval of the mission/route/objective, authorization letter (to be shown if stopped by police, etc.)/signed by whom, assigning of driver/fuel/per diem, etc.)?

### **Project management capacity-building approach**

1. To what extent did (or will) the project’s management approach lead to sustainable improvements in project management capacity?
2. Did the PM arrangements have a specific capacity-building agenda or plan for the PM itself (distinct from capacity-building for beneficiaries such as farmers, extension workers, etc.)?
3. If so: (a) was this plan implemented? (b) Was it effective? (c) To what extent do people feel it contributed to sustainability?
4. To what extent is targeting and gender mainstreaming (and its delivery) included in capacity development of PMU staff?
5. How did this relate to circumstances where most of the PM staff were external to government (see below under exit strategy as well)? Were external PM staff re-hired for other PMs, or do other work for government?
6. What are the formal and informal communication arrangements, consultation/feedback and planning mechanisms within the PMU? Do all staff have access to the Internet?
7. Any unexpected outcomes?
8. What level of climate change/adaptation skills are there in the PM team?

### **Project efficiency, effectiveness, innovation**

Answers to these can come mainly from document analysis, but it may also be useful to “reality check” them by asking selected questions to the CPM, project manager, etc.

1. How effective/efficient was/is the project (costs, outputs, outcomes, impacts)?
2. Are/were there project management or result strengths that were related to the type of PM?
3. Were there project management or result weaknesses that related to the type of PM?
4. Were there any unexpected outcomes from the choice of PM arrangements?
5. To what extent is the nature of the project management arrangements implicated in the project's successes/challenges? Examples may include high turnover, changes in management style or continuity, evidence of capacity gaps among PMU staff, etc.
6. To what extent does the PMU have the influence to: (i) allocate tasks to other government agencies; (ii) supervise/monitor the tasks; (iii) take corrective action (or require the agency to take corrective action) if tasks are not being delivered? If this works well, what are the major factors that facilitate this? If this aspect does not work well, what are the major inhibiting factors?
7. What innovations in project management approach has the project demonstrated?
8. To what extent have the PM arrangements been designed with the scaling-up agenda in mind?

#### Exit or integration strategy

1. Was (or is) there one? Will there be one?
2. What does it cover? Whom does it involve?
3. To what extent does it integrate gender, scaling-up and climate change considerations?
4. Was it implemented: at all; properly? What do/did people think of it?
5. What learnings have been made? What would be done differently (and better) in future?



# Annex 7

## Summary questionnaire for phone interviews

1. **Accountability:** to whom does the project report, and to whom is it accountable?
  - For example, is it mainly accountable to Government with IFAD's role limited to "no objection", or is IFAD more heavily involved in planning and approving workplans, budgets, staff recruitment and so on?
  - Reporting – who prepares reports? Who approves? What influence do the parties have over the contents and recommendations?
  - To what extent are there sometimes implementation difficulties in relation to accountability structures? (An example: the lead agency has a Memorandum of Understanding or agreement with another Government agency to deliver certain services. However, that agency does not or cannot prioritize or resource them effectively, leading to delays, performance slippage or the need to outsource those services.)
2. If there were was a disagreement between IFAD and the Government on certain aspects of plans, activities, etc. – and no-one was being unreasonable or making inappropriate demands – which party would be likely most to get their way, most of the time?
3. To what extent does the project use the following **Government systems**?
  - Planning
  - Budgeting and financial
  - Monitoring and evaluation
  - Procurement
  - Auditing
4. What are the **government's policies or regulations on project management arrangements** for aid- or donor-funded projects/programmes?
  - Existing coordination mechanisms at the national or local level
  - To what extent does the strategic oversight mechanism (SC, etc.) function well?
5. Who set the **Terms of Reference/Job Descriptions** for the project management and professional staff?
  - For example, some governments are quite unhappy with any aspect of "external" or "non-integrated" project management arrangements, such as using non-government or project systems, separate bank accounts for projects, and so on. Other governments are quite happy with this and indeed use this kind of approach themselves. Does this apply to your project?
6. What are **government regulations or expectations about staffing of PMUs/PM arrangements**?
  - For example, some governments insist that all project management and professional/technical staff should be government employees. Other governments require the Project

Coordinator to be a government employee, but are flexible with how other management and professional/technical positions are filled. What sort of approach does the government take?

7. What is (or was) the **hiring approach and processes** for project management and technical/professional staff?

- Some governments appoint the project manager and other staff; others appoint the project manager but allow competitive recruitment for other positions; some allow competition for all positions. What approach was used for your project?
- In addition, sometimes the government's recruitment body is involved (for example, Department of Human Resources or Personnel Office, etc.), while in other cases the project or PMU runs a competitive process separately, not using government systems. What approach was used for your project?
- In certain countries, competitive processes are used, but then government employees must resign or take unpaid leave, joining or being seconded to the project on a separate contract. Does this occur in your project?

8. What **salaries and conditions/benefits** apply to project management and professional/technical staff?

- Some governments insist that the standard government salaries must apply to all project staff. In others, projects are able to set their own salary levels, usually higher than "standard" government salaries. Which applies to your project?
- Sometimes there are also other payments, such as "incentive" payments for good performance, or possibly additional benefits such as greater health insurance, per diems and so forth. To what extent does this occur in your project?

- If project salaries and benefits are higher than "normal" government remuneration, to what extent does this cause problems? What sort of problems, and how severe?

- In some countries, respondents say that private-sector salaries are three, four or even five times higher than government salaries. Roughly what sort of difference is there between government salaries and private-sector salaries in your country?

9. To what extent are **project management and technical/professional staff "available" to government** once the project ends?

- For example, in some circumstances, most government staff that are assigned to a project are simply reabsorbed back into line government positions once it ends; this is unexceptional and expected.
- In other cases, it is more usual that skilled staff (such as project managers, M&E specialists and so forth) may move between donor-funded projects, but rarely go back to line government positions. What is the usual situation in your country?
- Does government tend to consider that projects drain talented and skilled staff away from general government service?

10. Regarding **project management and technical professional staff capacity-building**, what sort of capacity-building arrangements are in place?

- Are project managers and technical/professional staff targets for capacity-building?
- If so, are the capacity-building plans appropriate and well-implemented?
- Is there likely to be a pool of better-trained and experienced staff available to government once the project closes? Or do most project-based staff plan or expect to move on to private-sector positions?

11. In general, **how efficient and effective** are the project's management arrangements?
  - Are there any areas where the arrangements themselves cause difficulties? For example, lack of clarity on roles or responsibilities; overlapping roles/responsibilities; inappropriately lengthy approval processes; and so on.
  - If you could change or improve one major project management aspect, what would it be?
12. Some questions on **exit plans** or integration strategies:
  - Is there an exit plan or integration strategy?
  - If the answer is "not yet," at what point in the project is there likely to be one?
  - If there is one, what does it cover? Is it currently considered appropriate?
  - What are the major exit/integration concerns?
  - To what extent are project responsibilities being transferred to line government staff or departments (or to the appropriate stakeholders)?
  - To what extent has the project thought about or planned for scaling up?
13. What have been the **major learnings to date** regarding project management arrangements and approaches? Have there been any unexpected outcomes as a result of any project management aspects?
14. Some questions on **gender**:
  - Is there an assigned gender focal person?
  - To what extent do TORs/job descriptions of all staff include the commitment to deliver on gender and targeting strategies, pro-poor and gender-sensitive approaches?
  - What is the gender balance of the project management unit?



# Annex 8

## List of interviewees

### IFAD Rome

Adolfo Brizzi; Director, Policy and Technical Advisory Division, IFAD

Tom Anyonge; Lead Technical Specialist, Policy and Technical Advisory Division, IFAD

Norman Messer; Senior Technical Specialist, Policy and Technical Advisory Division, IFAD

Ed Heinemann; Lead Policy Adviser, Policy and Technical Advisory Division, IFAD

Sheila Mwanundu; Lead Technical Specialist, Environment and Climate Change Division, IFAD

Ilaria Firmian; Technical Specialist, Environment and Climate Change Division, IFAD

Francesca Romana Borgia; Consultant, Rural Institutions

Ides de Willebois; Director, West and Central Africa, IFAD

Sana Jatta; Country Programme Manager, China, IFAD

Benoit Thierry; Country Programme Manager, Nepal and Thailand, IFAD

Willem Bettink; Programme and Change Officer, Programme Management Department, IFAD

Alessandro Marini; Country Programme Manager, Uganda, IFAD

Miriam Okongo; Country Programme Manager, Malawi, IFAD

Cheikh Sourang, Senior Programme Manager, Strategy and Knowledge Management Department, IFAD

Rudolph Cleveringa; Lead Technical Specialist, Policy and Technical Advisory Division, IFAD

Moses Abukari; Country Programme Manager, Gambia, IFAD

Philippe Remy; Country Programme Manager, Mali, IFAD

Omer Zafar; Country Programme Manager, Egypt, IFAD

Mohamed Abdelgadir; Country Programme Manager, Jordan and Yemen, IFAD

Roberto Haudry; Country Programme Manager, Peru and Colombia, IFAD

Nigel Brett; Country Programme Manager, India, IFAD

Thomas Rath; Country Programme Manager, Bangladesh, IFAD

Claus Rainer; Country Programme Manager, Argentina, IFAD

Custodio Mucavel; Country Programme Officer, Mozambique, IFAD

### Mozambique ProPESCA

Rui Falcão; Project Coordinator, ProPESCA

Mr Tome Capece; National Director, IDPPE

Paolo Muchave; Planning, M&E and Knowledge Management Officer, ProPESCA

Mr Acácio de Alexandre; Finance, Contracts and Procurement Manager, ProPESCA

Maria Ascensao Ribeiro Pinto; Deputy Director, Fisheries Administration, Fisheries Monitoring and Management

Mr Abdul Gafur; Director of the Fund for the  
Promotion of Small-scale Fisheries

Atanasio Brito; National Deputy Director,  
National Fisheries Research Institute

James Wilson; Independent Fisheries Consultant,  
Maputo

### **Jordan ARMP2**

Eng. Khaled Habashneh; Project Director, ARMP2

Mamoon Adaileh, Technical Coordinator, ARMP2

Eng. Fuad Al-Muhaisen; Ministry of Agriculture,  
Jordan

Lubana I. A. Hashash; Manager for Projects and  
International Cooperation, Agricultural Credit  
Corporation

Dr Sa'eb Khresat, Consultant, IFAD, ARMP2

Leon Williams, Consultant, IFAD, ARMP2

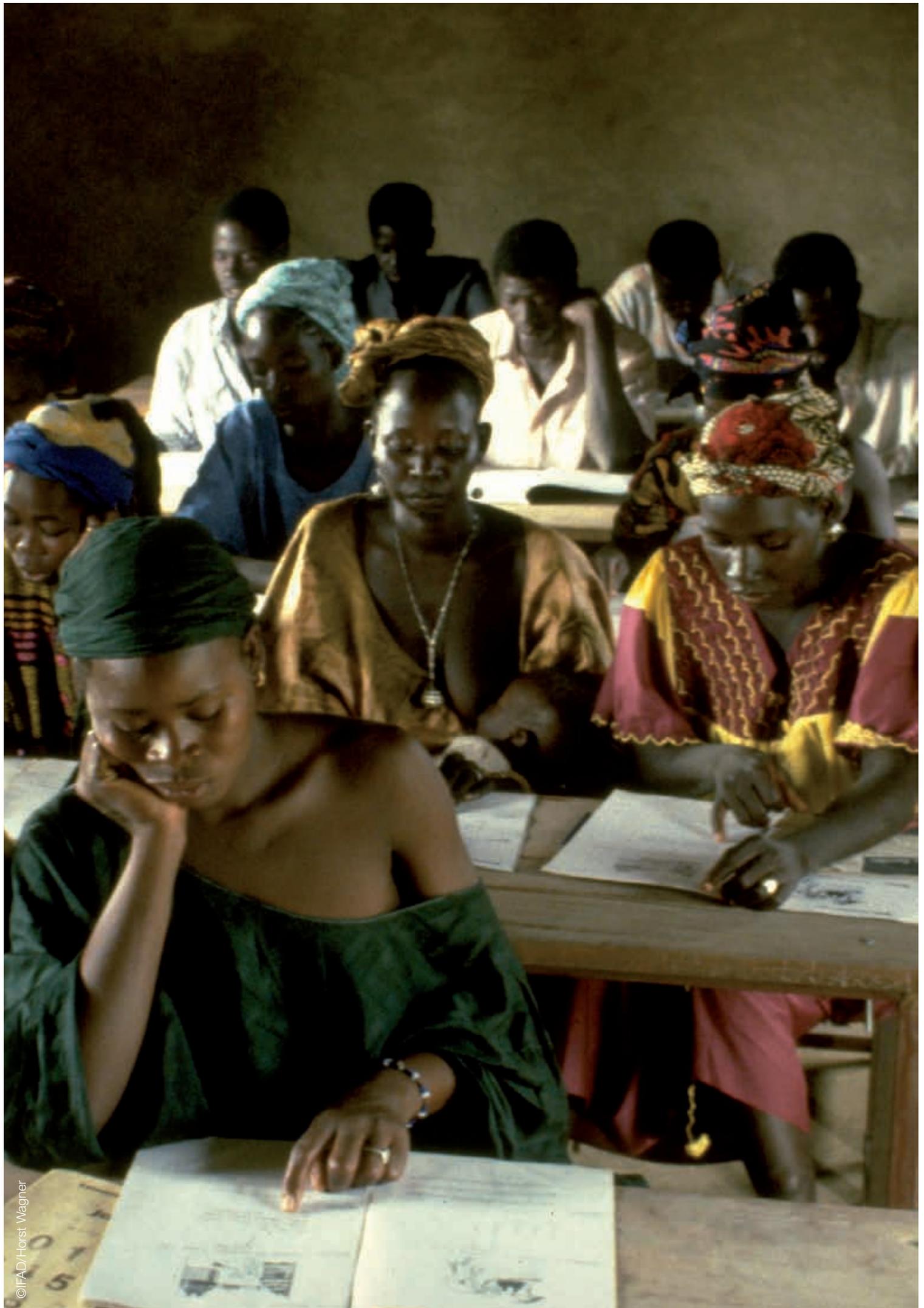
### **The Gambia *Nema*/PIWAMP**

Moses Abukar; CPM

Modou Gassama; Project Director, *Nema*/PIWAMP

### **Bangladesh FEDEC**

Modou Gokulchan Bisha; Project Coordinator  
FEDEC and PKSF





International Fund for Agricultural Development

Via Paolo di Dono, 44 - 00142 Rome, Italy

Tel: +39 06 54591 - Fax: +39 06 5043463

E-mail: [ifad@ifad.org](mailto:ifad@ifad.org)

[www.ifad.org](http://www.ifad.org)

[www.ruralpovertyportal.org](http://www.ruralpovertyportal.org)

 [ifad-un.blogspot.com](http://ifad-un.blogspot.com)

 [www.facebook.com/ifad](http://www.facebook.com/ifad)

 [instagram.com/ifadnews](https://www.instagram.com/ifadnews)

 [www.twitter.com/ifadnews](https://www.twitter.com/ifadnews)

 [www.youtube.com/user/ifadTV](https://www.youtube.com/user/ifadTV)

ISBN-978-92-9072-549-7



9 789290 725497